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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2358

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ILLEGAL PRIVATE BUSINESS ACTIVITIES IN BILLIONS OF LEVA EXPOSED

Sofia STURSHEL in Bulgarian 5 Nov 82 p 1

[Article by Nayden Iliev: "Under a Warm Wing--For the Attention of the National Agroindustrial Union"]

[Text] What I am referring to is the fact that in their striving for a greater amount of additional income, many agroindustrial complexes have created workshops, tiny shops and brigades that openly operate on the free-lance principle; a certain percentage of their profit is required and whatever they do is their business. And these tiny shops and brigades can operate in a different part of the country or surround the entire country, being their own suppliers, bookkeepers, price-setters etc. themselves. The only thing that links them with a particular agroindustrial complex is that they issue bills in the latter's name and grant it a portion of the profit--about 20 to 30 percent. Which is symbolism pure and simple. But by reason of this fact, this 30 percent is net profit for the agroindustrial complex, for that is what you call something somebody gives you without your lifting a finger!

One such brigade, for example--for repairing the roofs of enterprises--operated until recently throughout the country in the name of the agroindustrial complex in the village of Aksakovo (Varna Okrug). The Aksakovo brigade of capital city citizens! And with what it did to roofs, this brigade quite tidily fleeced various enterprises, overcharging as much as 60 percent for labor, preparing false calculations for materials and giving impressive sums to the managers of agroindustrial complexes and enterprises. In gratitude. Dimitur Nenov's team-pipe installation brigade from the Gorna Malina agroindustrial complex operated on the same principle. Mainly in the capital, of course. How well made these pipes were it's hard for us to say. What we can assert with certainty is that in one year's time the free-lance brigadier pocketed the respectable sum of 300,000 leva.

In comparison with this, however, the sum garnered by the triumvirate of Engineer Marin Marinov and turner Georgi Kasurov from the Nova Shipka depot of the Installations SU [Construction Administration] in Varna, and the marketing agent of their output, Dimitur Dobrev, under the protection and with the assistance of Bulgarplod in Tolbukhin, is very modest--18,500 leva. But from a scientific viewpoint the case is very curious--it shows how one enterprise can help somebody cheat his own enterprise. Marinov and Kasurov, for

example, were employed at Installations SU, which is under Khidrostroy. The pair reconditioned old rills and picks, handed them over to Dobrev, who through Bulgarplod sold them to . . . Khidrostroy. It is a separate matter that these picks and drills turned out to be absolutely worthless on the job. More interesting is why Bulgarplod represented itself as the producer of them and issued bills! . . .

There are examples galore, but that is not the point. We have absolutely no intention of compiling statistics on the nepman element. Even if we wanted to, it would be difficult for us. If a person rummages around in the documents of the control agencies, he will find that quite a few residents of the capital city as well as inhabitants of other comparatively large cities engage in agricultural activity. Fictitious, of course. Actually they stay in cities, hammer out and repaint cars or squeeze into basements and atticks and stamp out buttons and coathangers on presses or sew beach hats. And they themselves determine their material expenditures, make extra charges for their labor and overhead expenses, find markets and issue bills in the name of such and such an agroindustrial complex. They even set up more substantial workshops in more imposing places. Such as the stampings workshop at the corner of Yanko Zabunov and Parizh Streets in the capital. The workshop of the G. Damyanov Agroindustrial Complex, Mikhaylovgrad Okrug (and close to the Academic Theater for Opera and Ballet at that!!!).

And everything is done under the otherwise noble motive of hiring the unoccupied hands in the agroindustrial complexes of the mountainous and semimountainous rayons! The nepman element has been unleashed. Entire mafias are created with their clans, mafiosi and information centers--to warn where and when the control agencies will show up so as to escape in time. They even have something like exchanges. The Sofia illegal millionaires, for example, gather in the morning somewhere around 10 o'clock in the coffeehouse of the Central Market. There items of information, ideas and contracts are exchanged and coups are planned.

By and large, the free-lancer has taken over the sideline activity of the agroindustrial complexes to such an extent that, in the opinion of the office of the capital city's public prosecutor and of NAPS [National Agroindustrial Union] control agencies, it is very difficult to combat them. All the more so since everything is done under the protection of the agroindustrial complexes and not always without personal advantage. For net profit accrues. And it is about 1.5 billion yearly.

Nobody has anything against this profit. Except that, considering that it is barely 20-30 percent of the total profit, simple calculation shows that the free-lancers are pocketing around 2-3 billion. To which we can in no way agree any longer, for this is money "embezzled" from our society.

Nor can we agree that a campaign against these nepmen is impossible. It is possible, and very definitely so, provided that the control agencies refrain from pursuing the elusive free-lancers and make shorter work of grabbing their patrons--the managements of the agroindustrial complexes! It is high time, too,

that strict prescriptive documents on the principles governing the organization of sideline activity should be drawn up. On the whole, much can be done, too, but this, to be sure, is within the competence of other agencies and departments. We have simply tried, as nonspecialists, to cast light on quite a murky area of our economic activity.

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CSO: 2200/25

EXPORTS-IMPORTS OF AGRICULTURAL PRODUCTS EXAMINED

Sofia VUNSHNA TURGOVIYA in Bulgarian No 9, 1982 pp 2-5

[Article by Angel Dimov, candidate of economic sciences: "Questions regarding the Control of the Foreign Trade Activity of the National Agroindustrial Union in the Bulgarian People's Republic"]

[Text] The 12th BCP Congress decided to change the intrasectorial structure of our agriculture in the direction of an increase in grain production and an intensification of cattle- and sheep-raising. As a result, the goal was set of increasing the average annual production of bread and feed grains in our country from 7.7 million tons to nearly 11 million during the 1980-1985 period alone. For this purpose, improvement is required in the mechanism for the control of the sectors constituting the National Agroindustrial Complex (agriculture, agricultural and food machine-building, the agricultural chemical industry, the food, wine and tobacco industry, the feed industry, storage etc.), including the control of their foreign economic relations.

The report of the BCP Central Committee, delivered by Comrade Todor Zhivkov, indicated that the new economic mechanism was expected to create conditions for intensifying agriculture and the food, wine and tobacco industry, for "supplying the population comprehensively and the year round with basic food products in fresh and processed form, and for increasing our exports."¹

In implementation of the congress's decisions, two important documents were approved by decree of the Council of Ministers in December 1981, namely, the Regulations on the Economic Mechanism and an Ordinance on Specific Rules governing the Economic Mechanism in Agriculture.²

In accordance with these documents, the NAPS [National Agroindustrial Union] and its organizations³ bear direct responsibility for the most efficient utilization of the available land and other national resources put at their disposal; they carry on exports, imports, reexports and other activities on a completely self-supporting basis in respect of foreign exchange and finances. The planned tasks that agencies of the state assign to the national and okrug agroindustrial unions and to their economic organizations are established proceeding from the results of economic activity during the past 5 years, the resources that each organization has behind it etc.

The sale of the final product is effected by means of trade organizations. Producers may, however, also sell their output without the mediation of the purchasing organizations.

To provide incentive for an increase in the production and export of agricultural output, foreign trade organizations operating on commission principles are given the right to pay higher prices than the approved uniform purchase prices for the output which an APK [agroindustrial complex] delivers to them above or outside its planned export goals. And to guarantee the fulfillment of intergovernmental agreements, the Ministry of Foreign Trade pays producers bonuses on specified commodities and groups of commodities. Export bonuses are also paid by the state budget for exports in accordance with a fixed standard per 100 leva of foreign exchange receipts. Economic organizations are granted a portion of the foreign exchange received. Half of the foreign exchange receipts above the state planned goal also remain to their account, excluding those obtained from the transactions organized by the state.

At present, the foreign economic relations of the NAPK [National Agroindustrial Complex] are guided by the International Cooperation Directorate and the Foreign Trade Coordination Directorate in the NAPS. These directorates, together with the corresponding units in the State Planning Committee and the Ministry of Foreign Trade, determine and develop the various forms of participation by our agriculture and food, wine and tobacco industry in the international division of labor.

Eight specialized VTO's [vunshnoturgovska organizatsiya; foreign trade organization]⁴ have also been set up within the NAPS to trade in agricultural commodities, as well as an engineering organization (Agrokomplekt) to build agricultural projects and enterprises for the food, wine and tobacco industries abroad. In addition to these, several foreign trade organizations have also been set up in other sectorial ministries to trade in agricultural raw materials, food products and producer goods for agriculture and the food, wine and tobacco industries.⁵

Most of the foreign trade organizations in the NAPS, such as Bulgarplodeksport, Khraneksport etc., function in the form of VTD's [vunshnoturgovsko druzhestvo; foreign trade company]. A few of them, however, such as the trade and industrial organization Bulgartabak, the Fishing Export and Import Directorate and the Seed and Planting Stock Foreign Trade Office are included in the organizational structure of the corresponding state economic trusts.

In the past few years, about 20 agroindustrial complexes (the APK's in the city of Silistra, the city of Petrich, the city of Turgovishte etc.) in the country have been authorized to export their output in the foreign market on their own account. To be sure, this is done through foreign trade organizations. At present, these APK's carry on barely 3-4 percent of the NAPS's agricultural exports, but their contact with the world market yields good economic results. Despite this, however, this form of foreign economic activity has not become widespread since its employment entails a number of difficulties in determining the mandatory import-export planning indicators of every APK etc. For

example, the NAPS could hardly determine the planned tasks of several hundred APK's directly. Moreover, each complex exports a limited number of products, which prevents it from maneuvering in conformity with world market conditions and from always marketing its goods advantageously. Therefore, it is considered advisable for direct exports to be made with the active participation of the okrug agroindustrial unions. In this way these difficulties will be avoided, while opportunities will simultaneously be discovered for bringing every APK into contact with the world market.

In 1981 the foreign trade organizations in the NAPS and the APK's sold agricultural commodities in the foreign market worth about 2 billion foreign-exchange leva. Moreover, nearly 80 percent of these commodities were supplied to countries in the socialist community. Our agricultural exports in 1981 increased about 45 percent over 1975, which was due not only to the rise in contract and world prices, but also to an increase in the amounts of certain exported commodities (meat, fruit juices, sterilized canned vegetables, wine products, cigarettes, tobacco etc.). Thus, for example, as compared with 1975, the 1981 exports of fruit juices increased from 65,000 to 111,000 tons, of sterilized canned vegetables from 203,000 to 233,000 tons etc. At the same time, however, the volume of exported tomatoes declined from 113,000 tons to 91,000 tons, of grapes from 94,000 tons to 70,000 tons etc. Not only our exports to socialist countries, but also those to nonsocialist countries fell. This was a result of the development of the food industry, the increase in processed agricultural products' share of the total output of agriculture, the structural changes that came about in our agriculture in the direction of an increase in animal husbandry's share, and the comparatively better conditions for sales of meat and canned goods in the foreign market.

During the above-indicated period a trend was observable towards a comparatively rapid increase in imports of agricultural commodities. Thus, as compared with 1975, these imports by way of the NAPS in 1980 increased nearly fivefold⁶ and now amount to about 25 percent of our agricultural exports. Especially great was the increase in imports of feed grains, groats, alcoholic beverages⁷ etc. from the nonsocialist countries, as well as raw sugar from CEMA-member countries.

In the 1970's, imports of agricultural commodities from the nonsocialist countries constituted about 65 percent of the NAPS's total imports. And in terms of value our imports of agricultural commodities from these countries amounted to about three-quarters of our total agricultural exports to the capitalist market.

A concomitant of the increase in our imports of agricultural commodities is the formation of the NAPS's relatively inefficient foreign trade structure. For example, in 1981 the value of our feed-grain and groats imports almost equaled our meat exports.

Our analysis shows that this comparatively unfavorable structure of our exports is a result of certain disproportions that have recently taken shape in the development of our National Agroindustrial Complex, including grain production and animal husbandry. In consequence, further improvement of the control mechanism is necessary in the direction of assuring a balanced development of the

subsectors of agriculture in the National Agroindustrial Complex as a whole and in the direction of a further subordination of the activity of individual economic and foreign-trade organizations to the requirements of the country's long-term economic strategy.

It would be erroneous to think that giving economic organizations greater access to the world market and granting them the right to determine their product mix themselves in accordance with market conditions would, in itself, form a highly efficient national economic structure in our country. As is known, at least three conditions are necessary in order to form such a structure:

- 1) Selecting the production sectors which to a great extent meet natural and other local conditions; 2) Developing the sectors with higher labor productivity; 3) A scientifically substantiated combining and proportionality in the development of sectors that have an economic effect in the overall development of production.

In consequence, under socialism where state ownership of the means of production prevails, the rationalizing of territorial and sectorial structure of agroindustrial production depends, first and foremost, on the forms and means that are used in the national and joint planning of the CEMA-member countries, on the conduct of a scientifically substantiated structural policy etc. The sale of our goods in the world market, during which the labor we expend receives international recognition, performs the role mainly of corrective of planning tasks and serves as an important reference point in determining the directions our country takes and its forms of participation in international cooperation. Therefore we believe that in the future, improvement in the organization and in the control of the NAPS's foreign trade activity must take several directions:

First. This activity must meet the requirements for the formation of a highly efficient territorial and sectorial structure of the National Agroindustrial Complex. And for this purpose, first and foremost, a long-term food program must be formulated which will define the directions in which agriculture and associated industrial sectors will develop up to the year 2000, their place in the system of the international division of labor, and the forms of their participation in socialist economic integration.

In the future, plans for the country's socioeconomic development will be formulated on the basis of previously elaborated intersectorial, sectorial and territorial long-term programs, master schemes of sectorial structure etc., which to a certain degree will guarantee the development of the APK's according to plan, too. This will be fostered also by the interdepartmental coordination council that has been set up, in which representatives of all the ministries having dealings with NAPS participate. The special formulation of a food program, however, is particularly urgent for the development of the National Agroindustrial Complex because the complex combines within itself an intricate system of intersectorial relations and diverse natural-geographic, technological, organizational and economic conditions and features of reproduction. In his speech at the October plenum of the CPSU Central Committee in 1980, L. I. Brezhnev pointed out that "it is a matter of a program for the purpose of consolidating the questions in the development of agriculture and the

sectors of industry that service it, the harvesting, storage, transportation and processing of agricultural output, questions in the development of the food industry and trade in food commodities." In our opinion, use of the Soviet Union's experience will be beneficial as we work out the food program.

At the same time, however, it would be right to proceed from the character of our agriculture, whose output holds a significant place in the country's exports, as well as from the fact that not only now, but also in the distant future, most of the agricultural producer goods--especially for the food, wine and tobacco industries--will be supplied from abroad.

Second. Certain economic categories, such as prices, funds, profits etc., must be used more purposefully to increase the production and export of agricultural commodities.

For example, the distribution of profits between economic organizations and foreign trade companies should be used more purposefully. Some economists⁹ believe, for example, that this could be done by establishing special standard settlement coefficients, which can be defined as the ratio of export income to the production cost of the exported output. When output with a higher coefficient than that established by the standard is sold, a profit is obtained which is distributed between the economic and the foreign trade organizations in keeping with their contribution to obtaining it. In the same manner, it is suggested that incurred losses be apportioned in cases where output with a coefficient lower than the standard coefficient is sold.

The role of the Foreign Exchange Fund in providing incentives for economic organizations also deserves more detailed consideration. In this regard it would be useful to see to what extent through it economic organizations can be supplied with the necessary machinery and with the capabilities of using it, organizing service activity, providing spare parts etc. At the same time it is important to tell whether this will contribute to improving the commodity structure of our exports in the world market, to raising economic efficiency on the scale of the entire national economy etc.

Recently, not only in our country but also in other European CEMA-member countries, new mechanisms have been introduced for the control of foreign economic relations.

At the same time, however, the instruments of the international-cooperation mechanism employed thus far in the area of agriculture--namely, planning, commodities and money, organization and law--remain unchanged. For example, many of the problems of cooperation between the fraternal countries--such as that of providing incentives for the increase of the production and export of agricultural commodities in the socialist market by means of prices, creation of special funds etc.--are still unsolved. In consequence, in our opinion, it is by now extremely imperative that new ways be sought of improving the mechanism of international socialist agroindustrial integration in keeping with the internal economic mechanisms the countries employ in practice. Worthy of special attention in this regard are questions of joint planning, price-setting, the creation of international organizations, funds etc.

For example, in view of the shortage of certain food products in the socialist community, agroindustrial complexes and foreign trade companies might be permitted, after the countries' obligations under intergovernmental agreements are met, to export agricultural products freely in the socialist market.

Third. The organization of the NAPS's foreign trade activity must be improved.

At present, on the whole the organization of NAPS foreign trade in agricultural and food-wine-and-tobacco products meets the requirements of the new economic mechanism for controlling agriculture in our country. However, the organization of trade in producer goods for agriculture and the food, wine and tobacco industries does not yet fully conform therewith.

As we have indicated, this trade is conducted by the foreign trade companies Agromashinaimpeks and Tekhnoekaport, which are directly subordinated to the Ministry of Machine Building. On the one hand, they sell the output of our plants producing agricultural and food machinery while, on the other, they procure such machinery from abroad. Given the existing relationships among these foreign trade companies and the NAPS economic organizations, it can be assumed that it will be difficult in the future to apply a number of the methods and means of our new economic mechanism. All the more so since the status of the contract system of relations between the foreign-trade and economic organizations in the country that are subordinated to different ministries continues to be unsatisfactory.

Under the conditions of the new economic mechanism it is imperative that NAPS producers have a greater choice in the purchase of agricultural machinery and equipment for the food, wine and tobacco industries. In the event, however, this choice is mediated by foreign trade organizations which are subordinated to another department. And this, to a considerable extent, lessens the possibilities of a more rational distribution of capital investment and a proportional development of the NAPS sectors or a wider utilization of economic categories (prices, funds, profits etc.) in dovetailing the activities of the foreign-trade and the economic organizations. In consequence, it would be advisable to set up in the NAPS as well foreign trade units for the import of foreign agricultural and food machinery into our country.

Improvement in the organization and control of the NAPS's foreign trade activity along the lines indicated will open up broader opportunities for the accelerated development of agriculture and associated industrial sectors in our country. And this is one of the main ways of increasing the production and export of food products and of further improving the people's welfare.

FOOTNOTES

1. "Dvanadeseti Kongres na BKP, Stenografski Protokol" [12th BCP Congress, Stenographic Record], Partizdat, Sofia, Part I, p 59.
2. See DURZHAVEN VESTNIK [Official Gazette], 1982, Nos. 8-12.

3. At present, the NAPS includes about 300 agroindustrial complexes, each having an average of 100,- to 120,000 decares of arable land; five scientific industrial trusts; okrug agroindustrial unions; foreign trade companies etc.
4. These foreign trade organizations are the TPO [turgovsko-promishlenata organizatsiya; commercial and industrial organization] Bulgartabak, which makes about 37 percent of NAPS exports; Bulgarplodeksport, 26 percent; Vinimpeks, 18 percent; Rodopaimpeks, 12 percent; Khraneksport, 3 percent; Seed and Planting Material, 2 percent; Fish Industry, 1 percent; and Agrokomers, 1 percent.
5. These are the foreign trade organizations, Raznoiznos, in the Ministry of Internal Trade and Public Services, which supplies us with coffee, olives, spices etc.; Industrialimport, in the Ministry of Light Industry, which supplies cotton, wool, furs and hides etc.; Agromashinaimpeks and Tekhnoeksport, in the Ministry of Machine Building, which export and import, respectively, agricultural and food machinery; the foreign trade organization, Khimimport, for trade in chemical fertilizers, plant protectants etc.
6. We do not include here food commodities such as citrus fruits, olives etc., which are supplied in our country through foreign trade organizations outside the NAPS system.
7. In order to expand their trade activity, some foreign trade organizations spend part of the foreign exchange which they obtain by exporting our food, wine and tobacco products to obtain other consumer goods, such as American and English vodka, whisky etc. In this connection, we believe that under the conditions of the new economic mechanism and the widespread campaign for the intellectualization of social production it is important to find ways of making more rational use of our foreign-exchange receipts.
8. P. M. Alampiyev, "Territorial'nyye Struktury Natsional'nykh Khozyaystv Stran SEV" [Territorial Structures of the National Economies of CEMA Countries], Moscow, Nauka Publishing House, 1979, p 69.
9. See V. Grinev, "Improving the Control over the USSR's Foreign Economic Relations with CEMA Countries," in the journal VOPROSY EKONOMIKI [Questions in Economics], 1981, No. 8, p 114.

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CSO: 2200/26

ECONOMIC RELATIONS WITH KUWAIT REVIEWED

Sofia VUNSHNA TURGOVIYA in Bulgarian No 9, 1982 pp 11-13

[Article by Petur Khristov: "Economic Relations between Bulgaria and Kuwait"]

[Excerpt] Trade and economic relations between the Bulgarian People's Republic and Kuwait date from 1960 when Bulgarian goods were sold in the Kuwait market for the first time. In the years following the volume of Bulgarian exports increased every year, albeit slowly. Of special importance for their increase were the opening of the Bulgarian trade representation in 1967 and the Bulgarian National Exposition in 1968, at which Kuwait firms and traders had the opportunity for the first time to become familiar with the wide range of goods offered by our food and light industry.

Up until 1978 trade and economic relations between the two countries were not regulated by any intergovernmental documents. The first long-term trade agreement with a term of 5 years, by which a joint trade committee was set up, was signed in Kuwait on 4 May 1978.

The trade policy of the Bulgarian People's Republic towards Kuwait is determined by the existence and demands of the Kuwait market, which is free and unrestricted for the importation of all goods that are competitively priced and of good quality. At the same time, no counterconditions are set for purchases of Kuwait goods and payment is made by letters of credit (or free remittance) in freely convertible currency, with a very low percentage of import duties on most goods that are imported from abroad.

The development of Bulgarian exports in recent years shows stability and dynamism. Bulgarian foreign trade organizations have held several independent exhibitions, which have helped increase sales, as well as improve the structure of exported goods.

For years Bulgarian goods, which are already traditional in the Kuwait market (eggs, frozen chickens, lamb and mutton, white brined cheese, canned vegetables and fruits, tomato paste, juices and nectars, storage batteries, electrical appliances, metal-cutting machinery, leather haberdashery), have been well known for their high reputation and have been in demand by consumers. In the past 3 or 4 years other goods as well (furniture, men's shoes, ready-made men's

and children's clothing, knitwear, aluminum kitchen utensils, rose oil, perfumes and cosmetics, mineral water etc.) have had a good reception.

During the period from 1978 to 1981 Bulgarian exports to Kuwait varied from \$8 to \$10 million annually. Occupying a key place in the 1981 export structure were foodstuffs (about 40 percent), textiles (17 percent), machinery and electronics (13 percent), other commodities (about 30 percent).

Recent years have been characterized by the active development of other forms of economic cooperation as well between the two countries. An especially favorable atmosphere for this was created after the meetings of Comrade Todor Zhivkov and the Emir of Kuwait, Sheikh Jabir al-Ahmad Al Sabah, in Bulgaria in September 1981, and in Kuwait in March 1982.

The talks and agreements arrived at between the two leaders showed that there were a number of untapped opportunities between the two countries in the economic area. New ways and forms were indicated for cooperation in the area of agriculture, tourism, construction and transportation.

During Comrade T. Zhivkov's visit to Kuwait new intergovernmental documents were signed: an agreement on economic, industrial and technical cooperation; an agreement on maritime commercial navigation; an agreement on cooperation in the area of tourism; an agreement in the area of education.

A Bulgarian engineering exposition was organized at which the capabilities and achievements of Bulgarian engineering organizations in the planning and building of various package projects in Arab and other developing countries were displayed by models, photos and other materials.

Active work in getting some Bulgarian engineering organizations established in the Kuwait market has made it possible for bids to be won for the building of various projects. Elektroimpeks VTD [Vunshnoturgovsko Druzhestvo; Foreign Trade Company], with the help of local subcontractors, has built two high-voltage transmission lines. Tekhnoeksport ISO [Engineering Economic Organization] participated as subcontractor in manufacturing and installing the air ducts for the air-conditioning system of the newly built ministerial complex in the capital of Kuwait. Tekhnoeksportstroy DSO [State Construction Trust] has set up its own drawing and design office, Bulgarprozhe, with a branch in Abu Dhabi (United Arab Emirates), which is charged with designing a modern slaughterhouse complex, a treatment station, and a TID [technical and economic report] on the post-slaughtering process. Elektroimpeks VTD is negotiating with a Kuwait firm regarding the setting up of a mixed enterprise to produce hotplates and other electrical appliances in Kuwait.

Elektroimpeks VTD and subcontractor Telekomplekt, with the assistance of our specialists and workers, are replacing and installing new telephone cables in certain districts of the capital. This activity is the result of good cooperation between the ministries of communications of both countries on the basis of the cooperation agreement signed in 1978.

In 1981 MAT [International Motor Transportation] Economic Trust and the Kuwait firm Al Ganim Al Kutub set up a mixed motor transportation company to render transportation services in the Near East area. A modern 300- to 400-truck terminal was built in Kuwait, which is served mainly by Bulgarian motor vehicle operators.

As a result of negotiations successfully conducted in 1981 between Transimpeks VTO [Foreign Trade Organization] and the Kuwait Oil Tanker Company, four full Bulgarian crews are employed in the Kuwait tanker fleet. At the same time negotiations came to a successful conclusion to send a 100-man crew of Bulgarian specialists and workers as of the beginning of 1982 to service the drydock of the port and repair various ships.

In 1981 bilateral talks began between the interested banking institutions of the two countries, and an agreement was reached to create a mixed banking institution with Austria and the Hungarian People's Republic participating. The purpose of this banking institution will be to finance the designing and building of various projects in third countries.

There has been cooperation of many years standing between the public health ministries of both countries, as a result of which highly qualified Bulgarian physicians and specialists periodically visit Kuwait for short- and long-term consultations in the country's medical establishments.

For several years Bulgarian coaches in various sports--basketball, volleyball, football and handball--have been employed in Kuwait sports clubs.

Cooperation in the area of tourism should also be noted. Every year the number of Kuwait citizens who spend their vacations in our luxurious Black Sea hotels during the summer season increases. Special chartered flights directly from Kuwait to Varna and return have been organized for them.

In 1978 a regular direct Sofia-Kuwait-Sofia air route was opened, which is served by Balkan BGA [Bulgarian Civil Aviation].

A mixed company has been created and a Black Sea-Red Sea-Persian Gulf container shipping route has been opened for the purpose of increasing the sales of Bulgarian goods in the Near East area.

Prospects for the future development of trade and economic relations lie mainly in the following directions:

--Further development of conventional commerce, i.e. increase of Bulgarian exports and expansion and improvement of their structure. The position of the traditional Bulgarian commodities in the Kuwait market must be preserved, while advantage is taken of opportunities at the same time to expand sales of machine-building and electronics products, the goods of light industry etc.

--Expansion of cooperation in the designing and building of package projects in the area of construction, infrastructure, petrochemistry, agriculture.

--Expansion of cooperation between the two countries in joint financing during the building of package projects in Bulgaria (agroindustrial complex for lamb and mutton production, canning combine, tourist centers intended for Kuwait citizens, rehabilitation recovery centers etc.).

--Further expansion of tourist and transportation services that our country can offer during all seasons of the year.

The development and expansion of trade and economic relations between the Bulgarian People's Republic and Kuwait along these lines is fully within the capabilities of both countries. The proof of this is the dynamism and stability shown thus far in the development of relations and the desire of both countries to strengthen and develop them.

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POLAND

OCTOBER AGRICULTURAL INFORMATION PROVIDED

Central Pomeranian Area

Koszalin GLOS POMORZA in Polish 15-16-17 Oct 82 pp 1,3

[Article by (bog): "On the Fields of Central Pomerania: Farmers Already Started Winter Plowing; The Harvesting of Crops is Nearing Completion; Beet Procurement Stations Have Started Operating"]

[Text] (Own information.) /This week the long-awaited precipitation fell on Central Pomerania. Although for the present limited and extremely non-uniform, it has greatly improved the condition of winter crops and the general situation on the fields. The land is still dry, to be sure, but the plowing is easier, and sowing can be done without fear that the seeds will not take root. / **printed in boldface** /

By now pre-sowing plowing in both the Koszalin and the Slupsk voivodships is already almost completed. On many farms winter plowing has started as well. In the Slupsk Voivodship it has extended to 9,000 hectares, two-thirds of them on the lands of private farmers.

In the Koszalin Voivodship aftercrops have been sown earlier. In the Slupsk Voivodship they had still been sown last week. At present they cover nearly 7,000 hectares or more than 87 percent of the planned area. Farmers proceeded from the premise that even if the seeds sown will not take root somewhat later, spring crops will be cultivated in their stead in the spring. But if the seeds succeed, they will provide additional fodder.

On the other hand, the sowing of winter grains still continues. So far it has been extended to more than 100,000 hectares or 65 percent of the area planned. Here, major differences occur between state farms (85 percent of the planned area sown so far) and private farms (40 percent). For example, the area sown on the Strzekecin Crop Raising Station proved to be greater than originally intended: 420 instead of 300 hectares. The plan has also been fulfilled by the Klanino POHZ [State Crop Raising Station] and the following PGRs [state farms]: Brzezno, Rzeczyca Wielka, Budzistowo, Sycewice, Smoldzino, Cewice, Zdrzewno, Motarzyno and Dunowo.

Despite the continuing drizzle, harvesting operations have not been suspended. Nearly 37,000 hectares or 96 percent of the area cropped, have been harvested. The harvesting has been completed in 33 gminas [parishes] and 26 PGRs. Some farms, such as

the PGR Wrzosowo have, though, so far harvested much smaller areas. The recovery of potatoes also has been commenced. In Slupsk Voivodship private farmers have so far steamed 1,000 tons. This is only the beginning.

The mowing of corn is coming to an end. So far it has been transported from 20,000 hectares. Farmers and socialized-farm workers declare that the harvests of root crops destined for fodder are limited, lower than last year. Very little cabbage has been harvested, and only some farmers have succeeded in growing rutabagas and carrots. The roots of fodder beets are relatively long so that it is difficult to pull them by hand out of the soil.

In Koszalin Voivodship sugar beets have been harvested from more than 1,000 hectares; this is nearly 60 percent of the overall area under this crop. This work has been completed at the Redlo Agricultural Combine, the PGR Rabino, and in several gminas in which sugar beets occupy limited acreage. In Slupsk sugar beets have been transported from 180 hectares, that is, only from one-fourth of the fields.

In view of the peaking of field operations, grain procurements have recently had to be halted. So far, in the Koszalin and Slupsk voivodships, PZZ [State Grain Works] granaries received more than 155,000 tons of food grain that will be subsequently processed into flour, kashas, crackers, etc. The SKRs [Agricultural Circles' Cooperatives] are the closest to fulfilling the plan of deliveries.. So far they have fulfilled it over 90 percent.

As late as last week the course of potato procurements has been much better. So far, 95,000 tons have been procured. Of this amount, food potatoes account for more than one-half. In this respect the plan of procurements has been fulfilled 70 percent. However, following the reduction in the prices of food potatoes, that is, as of last Monday, their procurements have significantly fallen off.

Sugar beet procurement stations also have started operating.

Lublin Area

Lublin SZTANDAR LUDU in Polish 19 Oct 82 pp 1,2

[Article by (j. l.) "The Sugar Campaign Has Crossed the Half-Way Mark: Beet Tubers Continue to be Very Sweet; Good Performance of Sugar Mills and State Motor Transport; Great Demand for Pulp"]

[Text] (OWN INFORMATION) /The weather remains favorable on large specialized sugar beet farms so that work on them lasts from dawn till night. Farmers hurry to harvest the tubers, because they fear the coming of copious precipitation which could, as in the previous years, complicate the operations./ /printed in boldface/

Throughout our region, and particularly in the Lublin, Chelm and Zamosc voivodships, intensified traffic is observed on motor roads and at beet procurement stations. However, as the farmers themselves feel, the queues at stations for the reception of the raw material for sugar mills are shorter than in the previous years. This is due not only to a smaller sugar beet harvest but also to the new system for the acceptance of beets, which as a rule are delivered according to an operating schedule that had

been earlier agreed upon with individual growers, for which they receive an extra bonus. The introduction of precise schedules of deliveries also facilitates the operations of the sugar mills and largely prevents a decrease in the sugar content of the tubers owing to their excessively long storage on fields following their trimming.

By mid-October the procurement stations received more than 1,285,000 tons of sugar beets, that is, more than 50 percent of the planned amount. As current estimates show, this year's harvest will exceed 280 quintals per hectare. This will be much less than planned, but on the other hand the sugar content of the beet tubers exceeds 13 percent, which is 1 percent higher than last year.

The sugar campaign has been started fairly late this year, because the first sugar mill in Opole started operating on 20 September of this year and the last, the "Krasnystaw" sugar mill, on October 5. Currently all the sugar mills are performing very satisfactorily, processing nearly 20,000 tons of beets daily and exceeding by about 8 percent the so-called daily processing rate. Special mention is deserved by the sugar mill in Werbkowice, which attains an extremely high yield of sugar.

The facilities under the jurisdiction of the Lublin Sugar Mills Enterprise currently produce 3,800 tons of sugar daily; this sugar is packaged in Krasnystaw, Werbkowice and Lublin and then dispatched to the market. An appropriate proportion of the sugar is also received by the sugar beet suppliers (2 kg per ton of the raw material delivered).

The fodder shortage has this year prompted a great increase in the demand for beet pulp, which goes like hot cakes among farmers. Some sugar mills have to give a great deal of thought to the proper management of pulp and its just distribution among all sugar beet farmers in accordance with the agreement.

The sugar mills in Krasnystaw, Przeworsk, Werbkowice, Wozuczyn, Rejowiec and Strzyzow have started the drying of the pulp, which is becoming increasingly popular among farmers, chiefly because the storage of dried pulp precludes the losses entailed during the silaging of this fodder.

Also worth mentioning is the good work of the carrier--the PKS /State Motor Transport/. The drivers work very selflessly and the equipment despite the known shortages of spare parts--performing unexpectedly well.

Pests in Grain

Lublin SZTANDAR LUDU in Polish 19 Oct 82 pp 1,2

(Article by (j. l.): "Pests in Grain: We Cannot Afford Such Waste"; passages enclosed in slantlines printed in bold face in source)

(Text) (OWN INFORMATION) /Grain procurements in our region are poor and this is especially notable in Lublin Voivodship where CS (Gmina Cooperatives) granaries and PZZ grain silos received only 16,600 tons as of 10 October. Current procurements are even lower, because the

average daily quantity of grain seed delivered to the granaries and silos is only 70 tons. This difficult situation is redeemed only to a small extent by socialized and state farms, which by now have delivered more than 80 percent of the targets scheduled for them, whereas the implementation of the voivodship plan in this respect, which hinges primarily on the private sector is at present 13.1 percent./

Our talks with private farmers indicate that many of them believe that, inasmuch as the grain procurements have been low, the state will have no choice but to raise the procurement prices and then they would sell their grain much more advantageously.

/We repeat yet again that it is definitely certain that, until the next harvest, there will be no increase in procurement prices for grain. The government representatives responsible for the agricultural sector have stated so repeatedly, and this has been mentioned by the mass media./

One thing is certain--the prolonged storage of grain in farm silos and granaries is not profitable, as a rule, if only in view of the extensive pest infestation this year. Throughout our region truly alarming signals arrive concerning the deliveries by farmers of considerably infested grain. Such instances are extremely frequent and they have occurred in, among others, gmina cooperatives in Fajslawice, Niedzwiada, Ryki and Bychawa. The grain weevil has appeared on a particularly large scale in Fajslawice and Ryki, where about 100 tons of grain will have to be gassed. Such instances have compelled the Lublin PZZ to designate an entire large granary in Krasnik for the acceptance of weevil-infested grain.

Here it is worth noting that the value of the grain subjected to so called gasing decreases by 300 zlotys per ton. And the gasing operation itself costs 30,000 to 40,000 zlotys depending on the size of the premises.

Prior to the grain procurement drive all GS facilities and all PZZ granaries were visited by teams from the specialized Vermin and Rat Extermination Plant which performed suitable operations with the object of exterminating all grain pests. On the other hand, in practice, farmers in principle take no pest control measures, especially considering the recent great shortages of suitable chemicals. For a long time as well, no institution or agency has been showing interest in the conditions under which peasants store their grain.

A farmer who notices that his grain is being attacked by the weevil is perfectly aware that the blooming grain will soon turn into mere chaff that is hardly of any use, and so he tries to get rid of that commodity as soon as possible. This is not possible in transactions among neighbors and on the farmers' markets, because the buyer will inspect the grain attentively before he buys it. Thus, there remains only the GS granary. Hence, GS granary operators should inspect the grain thoroughly on sampling each sack with a special probe reaching the very bottom. In practice, however, such sampling is rarely done and most often the operator opens one of the sacks, picks up a fistful of grain from the top layer, and therewith ends his examination. The farmers, on their part, pour old--even 2 years old--weevil-infested grain into the sacks and cover it with a layer of new non-infested grain. This practice is rarely discovered.

Thus it is worthwhile to direct the attention of procurement personnel to these facts. Besides, they should anyway perform honestly their functions, which include examining the quality of grain.

Rzeszow Area

Rzeszow NOWINY in Polish 20 Oct 82 p 3

[Article by (e): "Fall Field Work is Nearing Completion: Sugar Beets and Corn Are Yet to be Harvested and Winter Grain Sown; Grain Procurements Continue Below Needs and Possibilities; Apples in Stores, Distilleries and Drying Kilns"]

[Text] (Own information) The passing rains as well as the thick morning mists have resulted in improving the working conditions of farmers. The land became more amenable to agricultural engineering measures. It is easier to plow and harrow. It is also easier to harvest crops. The weather has also influenced the state of the rape crop, especially for the rape that had been planted in optimal periods. This applies to, among others, the PGR in Kobylany, Tarnobrzeg Voivodship, where rape had been sown on 100 hectares and now gladdens the eyes with its greenness. The winter grains that had been sown early also are germinating satisfactorily.

As ensues from the information obtained from the departments of agriculture and forestry of Voivodship Office, the harvesting of potatoes has in principle been completed in the south-eastern voivodships except the eastern part of Krosno Voivodship. Socialized and state farms coped with potato harvesting much better than in the previous years. Greater care was also shown during the collection of the harvested potatoes. Two return trips were even made to some fields in order to pick up any tubers extracted by the plows and previously left by the digging machines. Private farmers, too, have been complaining about this imperfection of digging machines.

Currently the harvesting of sugar beets dominates field work. In Rzeszow Voivodship, for example, some 25 to 30 percent of the crop is yet to be harvested. Here it should be pointed out that agrotechnical mistakes are fairly common during these harvesting operations, considering that the beets are left too long in the soil after their leaves are trimmed, which results in a decline in their sugar content. This is reported by the on-site service staff of individual sugar mills on large specialized beet farms.

Depressing reflections are prompted by the sight of beet leaves "drying out" on fences and trees and lying in small piles on farm-yards. Given the current shortage of fodder--and always besides--these leaves should be used to prepare nutritious silage.

Grain corn is still being harvested. Noteworthy is the fact that many large specialized grain corn lands operated by socialized farms have been bared of their crop by "unknown perpetrators"; it can be guessed that they were both neighbors and tourists who in this manner varied their menu.

The sowing of wheat is already greatly advanced and, as known, the sowing of winter grains ends with wheat. Thus there still remains winter plowing to be done, and this should be preceded by the liming of fields, which are greatly acidified in many regions.

Attempts are being made to attribute to the pressure of field operations the stagnation in grain procurements. So long as grain had still been under the combine-harvesters or threshing machines installed on village "threshing floors," it was delivered in large quantities to the procurement stations. Currently, its deliveries in the south-eastern voivodships have markedly declined. For example, in the Rzeszow Voivodship farmers have so far delivered a little more than 10,500 tons of grain, thus fulfilling 24 percent of the procurement plan. The least amount of grain was delivered by farmers in the Boguslaw, Ranizow, Swilcza, Blazowa and Tyczyn gminas (barely about 10 percent of the plan). On the other hand, farmers in the Zolynia, Hyzne, Kurylowka, Czarna, Iwierzyce and Lezajsk-Village gminas delivered 25-30 percent of the food grain targeted for them this year.

It is interesting to know that, although farmers who deliver grain [to procurement stations, where they sell it at prices fixed by the state] have the right to purchase specified quantities of commercial fodder, concentrates or coal, in reality, despite the now adequate supply of these commodities, farmers purchased only 415 tons of fodder and 900 tons of coal. It looks like they are waiting for more attractive goods such as rugs and tractors.

Since we are speaking of procurements, let it be mentioned that fairly satisfactory results have been achieved in potato procurements. A total of 8,500 tons of potatoes has been accumulated in storage mounds and storage facilities, which covers 80 percent of the needs associated with the winter supply of the inhabitants of Rzeszow Voivodship.

By 14 October a total of 14,562 tons of apples has been procured, including 13,800 tons for industrial processing. They have been chiefly allocated for processing in plants of the fruit and vegetable industry, including HORTEX as well as the distilleries in Przecław, Sedziszow and Cieszyn and the drying kilns in Przyhojec and Debno. A total of 9,100 tons has been disposed of by the gardening cooperatives. In addition, 5,000 tons of apples were shipped to other voivodships. The procurements and processing of apples continue. However, especially considering that this concerns apples of high quality rather than fallen fruit, their handling becomes increasingly difficult owing to lack of refrigeration and storage space. Trade would seem to be the best solution. Unfortunately, the apples offered at many stores of "Społem" [Cooperatives' union] and gardening cooperatives do not equal in quality those seen on the trees in the orchards of Albigowa, Kobylany, Lipowa, Sietesze, and others. The effort invested in careful harvesting is forfeited during the transportation and the pouring of apples from crates into other containers. What hardly harms, e.g. potatoes proves fatal to apples. They become bruised and spoil rapidly. Their appearance does not encourage buying them, given the current prices. But that already is another topic.

Bydgoszcz, Torun, Wloclawek Area

Bydgoszcz GAZETA POMORSKA in Polish 21 Oct 82 p 1

[Article by (jd): "Normally at This Time the Fields Became Green: Delayed Sowing, Poor Germination"]

[Text] The weather is angry as it were: it is miserly with rains and threatens frosts. This situation worries and alarms farmers. It does not incline to optimism.

Normally at this time of the year the fields sown with winter crops turn green, but these days the fields are generally gray. Rape and grain have been germinating poorly owing to the drought.

In Torun Voivodship, where barely two-thirds (6,400 hectares) of the planned area of large rape farms could be planted, nearly one-half of the already planted but non-germinating rape will have to be plowed under before this fall is over or in the spring. The situation is no better in Bydgoszcz Voivodship where so far 406 hectares planted with rape had to be plowed under, especially in Kujawy and Paluki. The current state of the cultivation on some farms and in some villages and gminas indicates that additional hectares planted with rape will have to be plowed under. This will reduce still further the small (10,200 hectares) area of large specialized rape farms compared with their planned area (more than 20,000 hectares).

All hopes are placed now, so far as this concerns the germination, survival and growth of rape and winter grains--rye, wheat and barley--in the still favorable combination of weather and conditions of crop vegetation that might occur this coming winter and in the spring.

Winter grains, for which the optimal sowing periods already are past, could so far be sown by farmers on smaller areas than had been planned. In Bydgoszcz Voivodship, on 120,000 hectares (70 percent of the plan), and in Torun Voivodship, on 59,000 hectares (about 60 percent). A similar situation prevails in Wloclawek Voivodship, where, too, winter grains have not been sown on the entire area planned.

Throughout the region, wherever permitted by soil conditions and wherever plowing has already been carried out, grains, chiefly wheat, are still being sown on some farms. The risk exists and, who knows, perhaps these crops will succeed after all. The farmers keep hoping that perhaps the resulting harvest might be even better than the harvest of spring grains.

Harvest Near Completion

Warsaw POLNIERZ WOLNOSCI in Polish 21 Oct. 82 p 1

[PAP Report: "Most Crops Have Been Harvested"]

[Text] The fall this year is not an easy one for agriculture. The previous drought, which still persists in the belt of western voivodships, and recently also the marked fall in temperatures, complicate the work of farmers conducting field operations. /Most farms have harvested their fields./ /printed in boldface/ Beets are still being harvested on the farms which did not sign agreements with sugar mills for early deliveries of beets.

Pre-winter plowing proceeds on the fields which will be sown in the spring. This agro-technical operation will be continued until the late fall, and in principle until the soil freezes. On farms specializing in animal husbandry, silaged fodder is still being prepared from beet leaves and sugar-mill pulp, while on the farms receiving more copious precipitation last August and September, stubble-catch crops provided additional fodder. The steaming and ensilage of fodder potatoes also is continuing.

Beet harvesting in the Zamosc region is progressing satisfactorily, even though the dry soil restricts the use of combine harvesters. In that region the sugar mills have so far accumulated more than 500,000 tons of raw material.

Fall field operations in Pzeszow Voivodship are nearing their end. The recent copious rains have favorably affected the germination of winter grains.

Update on Central Pomerania

Koszalin GLOS POMORZA in Polish 22-23-24 Oct 82 pp 1,3

[Article by (s): "The Finale of the Root Crop Harvesting Campaign: The Urgency of Sowing Schedules: On the Fields of Central Pomerania"]

[Text] (Own information.) / After a long drought, precipitation finally fell on our Coastal region. But so far it has been limited--a drizzle offsetting the excessive lack of soil moisture. The rain-water has at most percolated some 15 centimeters down into the soil. Even so, the situation on the fields is much more favorable than a week ago, and the rate of cultivating operations as well as of the sowing of winter grains can be accelerated. / **printed in boldface** /

And the backlog of the work on large specialized grain farms continues to be large. According to reports from the gmina agricultural service, so far about 65,000 hectares have been sown in Koszalin Voivodship. This preliminary cultivation of winter crops is progressing fairly satisfactorily on state farms and among farmers in the Siemysl, Barwice, Redzino, Blesiekierz, Bialy Bor and Dygowo gminas, where more than 90 percent of the planned area under rye and wheat has been sown. However, some 20,000 more hectares are yet to be sown before the plan target for the voivodship is fulfilled. The backlog in this respect is the greatest in the Slawoborze, Zlocieniec, Ploadow, Zdrawsko and Goscino gminas.

The agrotechnical schedules for sowing winter crops have in principle already elapsed. The final deadline was the second decade of October. In the opinion of agricultural experts, given the current weather conditions, grain sowings can and should be continued--but only within the next few days and on using 20-percent larger doses of seed grain. This is indispensable by now in view of the decrease in the chances for the seed grain to take root before winter comes.

The drought period has been utilized properly for other operations, especially for harvesting root crops and fodder crops. The Voivodship Board of Agriculture in Koszalin reports that potato harvesting has been completed on all state and peasant farms. Corn harvesting, too, is nearing its end, with the harvested corn being mostly destined for additional feeding of livestock. Unfortunately, the poor growth of grasses on pastures has shortened the period of livestock fattening and necessitated complementing livestock feeding with green fodder from field cultivations.

As regards the harvesting of sugar beets and other root crops, it has so far been completed 80 percent. On Koszalin fields some 350 hectares of beets are yet to be harvested, of which more than 200 hectares at agricultural enterprises.

Lower Yields Noted

Warsaw TRYBUNA LUDU In Polish 23-24 Oct 82 p 8

[PAP] communiqué: "Crop Harvesting Nears Its End: Harvests Lower Than in Previous Years; Problems With Smooth Reception of Sugar Beets"; passages enclosed in slant-lines printed in boldface in source]

[Text] /Crop harvesting operations are nearing their end./ Potatoes have in principle been harvested, with only the late-maturing varieties of that crop being still collected here and there.

/This year's harvests have been lower than in the previous years./ In individual regions the results achieved, especially as regards potato production, have been very differentiated this year. The harvests of that crop have been the lowest in the western voivodship and in Wielkopolska, where the drought was the most severe.

/Each day fewer and fewer sugar beets remain on the fields. It is estimated that some 70 percent of the land planted with sugar beets has been harvested in the country as a whole./ The considerable drops in temperature which took place at the end of the second decade of October prompted farmers to speed up harvesting sugar beets. /The sudden rise in the deliveries of the beets to the procurement stations of the sugar industry has disrupted the smoothness of their reception, and some sugar mills even suspended purchases, which caused great difficulties to the farmers./ The "Chybie" Sugar Mill in Bielsk Voivodship purchases each day about 2,500 tons of beets though its daily processing volume is only 1,500 tons.

Grain Procurement, Lublin Area

Lublin SZTANDAR LUDU in Polish 25 Oct 82 pp 1,2

[Article by (J.L.): "The Countryside Buys More Grain Than It Sells: Five Million Tons of Grain are Nationally Needed"]

[Text] (OWN INFORMATION.) /It is estimated that this year's grain harvest in our country has been about one million tons higher than last year. However, grain procurements progress very slowly, and in this respect major disproportions have arisen among individual regions. For example, in the period between 11 and 13 October, procurement stations in Pila Voivodship received 672 tons of grains, whereas in the Nowy Sad and Zielona Gora voivodships farmers delivered only 23-46 tons. Noteworthy is the fact that during the same period the deliveries in Zamosc Voivodship totaled 492 tons./ /printed in boldface/

Recently the largest deliveries, relatively speaking, have been made by state farms and agricultural circles' cooperatives, and procurements have been satisfactory in those regions in which state and cooperative farms predominate.

The procurement plan for this year's harvest amounts to 5 million tons, but by mid-October GS granaries and PZZ grain silos received a little more than 2,400,000 tons. Considering that the grain-milling industry processes about 500,000 tons of grain

monthly, this is not a gratifying situation inasmuch as the nation's yearly demand is much greater than the amount of grain that could be procured from farmers so far.

Unfortunately, the voivodships that markedly lag in implementing grain procurements also include Lublin Voivodship, where recently procurements have been averaging about 70 tons of grain daily. It must be admitted that the voivodship and gmina authorities do give priority to this matter and do everything in their power to intensify procurements. Care was taken to accumulate in individual GS considerable quantities of fodder and coal, talks with all producers are conducted directly on their farms and appeals and flyers are being sent to them and declarations are being collected, but the effect so far has still not been significant.

In Lublin Voivodship, as in our entire region, for the last 15 years or so farmers have been buying more grain, in the form of various processed products, than they have been selling to the state. Consider these examples: in Baranowice Gmina the grain procurements last year totaled 155 tons, but the local farmers bought bakery goods, fodder, macaroni, etc. totaling 1,420 tons. In Kurow Gmina in the same period farmers delivered 224 tons of grain but were sold 2,600 tons in the form of bakery goods, flour, and fodder. Throughout Lublin Voivodship last year the procurements of grain totaled 24,000 tons but the farmers bought 220,000 tons in various form. Another example, which occurred this year: in Michow Gmina grain procurements so far totaled 71 tons of this year's harvest, but each day the local sales of bakery goods total 5 tons. Thus, the [delivered] peasant grain in that gmina is not even enough to bake the bread needed by its residents.

True, there is a shortage of means of production in the countryside, and it is even difficult to buy the rubber boots needed on the farm. But it should be realized that failure to sell grain aggravates an already difficult situation. We cannot afford to increase our grain imports owing to a shortage of foreign exchange which must be allocated for, among other things, the purchase of rubber in order to manufacture these boots. One cannot but help noticing that "a tangible move forward" has taken place in industry and handicrafts. The first signs have already appeared on store shelves. In many factories the daily labor of workers, their work on free Saturdays, also is intended to increase the supply of means of production.

And in conclusion, one more statement. Only investment of effort and--why keep silent about it?--sacrifices by the entire public can move the country forward. Along this difficult path it is simply unimaginable that a day might come when there would be no bread in the cities.

Kielce-Radom Area

Kielce SLOWO LUDU in Polish 26 Oct 82 pp 1,8

[Article by (woj): "Autumn Farming Operations Proceed Rapidly and Smoothly: The Weather is Favorable"]

[Text] The weather being warm and sunny, autumn farming operations proceed rapidly and smoothly. Potato harvesting has virtually been completed. Part of the large specialized sugar beet farms is yet to be harvested, along with some areas of vegetables, root crops, cabbage, and the later varieties of apples in the truck-garden regions.

The sowing of rye has been completed. Some farmers still lack wheat for sowing. Unfortunately, this year very few of them used for sowing the high-grade seed grain offered by "Centrala Nasienna" [Seed Center]. For example, it had been planned to distribute 4,600 tons of seed rye and 3,600 tons of seed wheat in Kielce Voivodship. But farmers bought only 483 tons of rye and 930 tons of wheat. It is time to draw the proper conclusions from this situation and relax the regulations governing these sales so that high-grade seeds of spring grains would not be wasted in the spring.

Sugar beet procurements are progressing satisfactorily in Kielce Voivodship, where deliveries already exceed 60 percent of the plan. The plan of deliveries of food potatoes has been exceeded. The GS procured 37,500 tons of these potatoes, or 116 percent of the plan. On the other hand, the progress in grain procurements has been simply minimal. The plan provides for 96,000 tons but farmers so far have delivered only 15,800 tons of grain.

As regards other field operations, farmers are ending the harvesting of aftercrops and corn and continuing pre-winter plowing. This year, despite the signals about the lower quality of potatoes, which may store poorly, no success has been achieved in steaming and silaging them for fodder. The SKRs in Kielce Voivodship operate 36 efficient steaming columns and have the necessary resources of coal, but unfortunately so far only one instance of the use of these columns, in Slupia Jdrzejowska Gmina, has been recorded. This hardly points to an effective performance of the agricultural service in the gminas.

* * *

In Radom Voivodship winter grains have already been sown on more than 140,000 hectares. Potatoes have been harvested. Their harvest proved to be somewhat better than expected, reaching about 140 quintals per hectare. Almost all corn has been harvested, and the third-mowing grass has been reaped. But in this last case the harvest has been poor, so that cattle was grazed on more than 21,000 hectares of meadows. There are signals that part of sugar beets is also being used for fodder! Is not it a pity that the sugar they contain is thus being wasted?!

Sowings and harvesting, including the harvesting of fruits and vegetables, progress smoothly. Unfortunately, the progress in procurements of crops is not as good. As of 14 October Radom farmers sold 13,703 tons of grains to socialized procurement stations, which is less than 20 percent of the plan target. In several gminas, namely, Jastrzebia, Ilza, Zwolenie, Ciepielowo, Jedlinsk, Przylek, Przytyk, Radzanowo, Wieniawa and Wierzbica not even 10 percent of the plan target has been reached. Potato procurements are making better progress in comparison--the targets have been fulfilled 70 percent.

The deliveries of fattened livestock to procurement stations have decreased, as have somewhat the deliveries of milk. A large proportion of the livestock on cattle drives consists of cows. Fortunately, they are mostly older animals, unsuitable for breeding.

Farmers are concentrating their attention on winter plowing, preparing the soil for spring cultivation. Unfortunately, they are forgetting to lime the soil. According to Lucja Skwira, the director of the crop production department at the Voivodship Office, the situation in this respect is poor. This year barely 17,500 tons of lime has been applied to fields in Radom Voivodship whereas the actual needs are estimated

at 80,000 tons. What is worse, 27,000 tons of this fertilizer are being uselessly stored. The possibilities for offsetting the magnesium deficit of the soils also are not being utilized because no one is attending to bringing in magnesium lime from Malogoszcz. Have the GS and SKR forgotten that their principal duty is to help farmers?

The application of mineral fertilizers also leaves much to be desired. This year the amount applied has been 25 percent smaller than a year ago, even though the fertilizer stocks at GS reach 35,000 tons. This is bound to influence next year's harvests.

Winter Planting Caught Up

Warsaw ZYCIE WARSZAWY in Polish 26 Oct 82 p 2

[PAP communique: "Autumn on the Farms: Delays in Grain Planting Caught Up: Beets and Potatoes: Post-Season Repair of Equipment"]

[Text] (P) /Availing themselves of warmer weather, farmers are catching up with delays in grain planting. The greatest backlog in this respect exists in the western voivodships and in Wielkopolska./ /printed in boldface/

On many fields in those regions it was even difficult to perform plowing prior to the onset of precipitation. The recent rains, though still insufficient, have improved soil moisture to the extent of making possible agrotechnical operations. The germination of recently planted rye and winter wheat is more even.

Much is to be done as regards planting, as yet, on the farms of, among others, Gorzow Voivodship, where last week these operations had barely reached the half-way mark. There still exists farms in the Central Odra Region and in Wielkopolska where, despite the late schedule, not only wheat but also rye is still being planted. Despite the late season, farmers want to plant winter grains on as much land as possible, expecting that in our climate winter grains will yield much larger harvests than spring grains.

The ministry of agriculture and food management estimates that, in the country as a whole, so far winter grains have been planted on about 80 percent of the area planned. The earliest to complete the plantings were farmers in the northern and north-eastern voivodships and areas in which soil moisture warranted the prompt conduct of agrotechnical operations.

Beets have been harvested from more than 70 percent of the area planted. Their deliveries increased markedly following the October frosts, because farmers are hurrying to harvest crops as soon as possible, and this should be allowed for by industry.

Increasing attention in farming is being devoted to pre-winter plowing. This operation will have to be performed this fall on about 9 million hectares. It could be performed more rapidly if the deliveries of plowshares would meet the demand of agriculture. However, there is a shortage of these spare parts which, moreover, in the presence of largely dry soils, get worn more rapidly than in wet years.

The agricultural circles' cooperatives currently provide services to farmers in both field work and the steaming and ensilage of fodder potatoes. Their plants operate this year about 4,000 steaming columns. Plans exist to ensilage with the aid of these machines about 2 million tons of fodder potatoes on private farms before the onset of frosts. The utilization of these columns is not universally satisfactory. The volume of orders placed for steaming potatoes continues to be low in the Ostroleka, Lomza and Siedlce voivodships, although their potato harvests have been good this year as well.

On farm workshops increasing attention is being paid to the post-season repair of equipment. Such repair is preceded, as in every other year, by inspection. The point, however, is that, following the inspection of the technical condition of tractors and machinery, socialized farms and SKRs should not overestimate the possibilities of their own workshops. Tractor and machinery users must consider that only immediate transfer of malfunctioning equipment to state machine centers, or conclusion of agreements on the schedules and repairs, would serve to avert an accumulation of repair needs in the spring. The agricultural machinery repair plant in Mysliborz, Gorzow Voivodship, intends to repair 5,500 tractor engines by year end.

Zielona Gora Area

Zielona Gora GAZETA LUBUSKA in Polish 26 Oct 82 pp 1,4

[Article by (Kw.): "Farmers Will Plant Grain Still... in November? The Drought is Over But the Effects Remain"; passages enclosed in slantlines printed in boldface in source]

[Text] /Farming in Zielona Gora has been suffering for several years in a row the effects of unfavorable weather, and it still continues to feel the consequences of the drought that arrived in the region last summer and held farmers in its grip until as late as the period of the September-October cycle of field operations./

The pre-sowing preparation of the soil and the sowing itself, first of rape then of winter grains, were thus conducted with extreme effort and at a huge cost, with the farmers experiencing difficulties that greatly outweighed their tenacity and good intentions, because /the delays in planting winter grains continue to be extremely serious/. There even exist fears that, despite the risky intentions to complete the planting of wheat and even rye in the first days of... November, it will not be possible to plant grain on the entire area planned in the voivodship this fall.

The forecast is quite unfavorable, considering the especially great delays in the planting of rye--the principal grain crop on the poor Zielona Gora soils. Given the natural conditions of this region, the possibilities for replacing rye with other crops are quite limited.

In the meantime, despite the approaching end of the agrotechnical period of planting, rye has been planted on only about 50,000 hectares compared with the planned more than 71,000 hectares, and wheat on about 5,000 hectares instead of the planned 12,000. Earlier, and irreversibly, the planting of about 4,000 hectares with barley--usually the crop with the highest yields--had to be abandoned. Likewise, it did not prove possible to plant rape on every fifth planned hectare. In this connection, owing to

the failure of that crop to take root in drought-devastated soil, more than 2,000 hectares of completely unpromising land planted with rape had to be plowed under, without thereby having any guarantee that the same fate would not be encountered by the other rape fields in the spring./

As on other sectors of Zielona Gora agriculture, /one-third of the planned area to be sown with grain has not either been planted on schedule by state farms/, even though they operate heavier tractors and more productive tractor-drawn planters, and thus in theory they are better prepared technically to surmount the resistance of drought-devastated soil. But, contrary to appearances, this argument in no case justifies, e.g. accusing PGR personnel of poorly organizing the front of field operations, or making other accusations. /This circumstance merely confirms how difficult, if not simply murderous, have the conditions for conducting field work been this fall, considering that not even columns of heavy PGR equipment could cope with them. For example, The Swiebodzin Agricultural Combine recently reported that its unusually arduous pre-sowing plowing of 7,500 hectares of land this fall cost it... 11,000 (!) ruined and broken plowshares and 600,000 zlotys in additional costs./

Owing to precisely such cropping conditions, the agricultural enterprises of the Zielona Gora Association of PPGR reported several days ago that only 20,000 hectares have been planted with winter grains although, as ensues from a comparison of the campaign plans of all these enterprises, the PGRs in this voivodship intended to plant winter grains on an area of 32,000 hectares. The PGR crews are additionally disturbed by the condition of the already planted areas, which is far from optimal in many cases. /It turns out that, while on many fields the seed grain planted in the soil has succeeded in germinating--owing to the effect of the moisture provided by autumn mists and dew--the persistent shortage of soil moisture has caused that grain to dry up, so that the poor grain harvest thus expected may have to be plowed under in the spring and replaced with "some new crop."/

/Agriculture in Zielona Gora which, following last year's floods this year found itself in the zone of a devastating drought, clearly does not intend to conceal before anyone the calamity it is experiencing and the colossal difficulties that it must surmount this fall in order to survive all these troubles without major detriment to the interests of food management. It is by now certain, however, irreversibly inevitable, that the consequences of that dry summer and this autumn cannot be avoided.

The extremely late planting of winter grains and the danger that it may not be completed are not, to the satisfaction of farmers (if one can in this situation speak of "satisfaction" at all) a consequence of either a shortage of mineral fertilizers or, the more so, of sowing material, whose stocks even exceed the needs of the farmers. As regards fertilizers, besides, the restrictions on their sales could even have been abolished, considering that the voivodship's GS maintain stocks of fertilizers that actually are 35 percent larger than in a like period last year.

/It is thus a great pity that, despite the tangible improvement in the supply of means of production in the countryside, it is precisely mother nature that has played a dirty trick on farmers. On farmers alone, besides?/

/For consolation, let us add that, despite the difficult conditions of field work, the harvesting of root crops and fodder corn this fall has been progressing satis-

factorily. Potatoes and corn have been already nearly entirely harvested, in any case from an area of about 25,000 hectares, while sugar beets have been harvested from one-third of the areas on which they were planted./

Lower Silesia Area

Wroclaw GAZETA ROBOTNICZA in Polish 27 Oct 82 pp 1,5

[Article by (JK): "Consequences of Drought Still Felt: Reports From Lower Silesian Fields"]

[Text] (Own information.) The drought was felt the least in the Walbrzych and Wroclaw voivodships. In the latter, 73 percent of arable land was set aside for winter planting. In Walbrzych Voivodship, on the other hand, planting is approaching its half-way point, but in neither of the two voivodships has the plan for planting winter barley and rye been fulfilled. The shortfall with respect to the planting of barley in Wroclaw Voivodship amounts to 2,800 hectares, although the agrotechnical planting schedule is long since over.

The situation in this respect is no better in Legnica Voivodship either, where the plan for barley planting was fulfilled only 84 percent. In such a situation there is no choice but to plant winter wheat on lands destined for barley, especially considering that both cereals have similar soil and cultivation requirements.

Farm experts advise that part of the lands that had not been planted with rye, for which the planting schedule also has ended, be planted with winter wheat. For the spring may prove difficult to farming and an expansion of the area planted with spring grain is not possible. Winter wheat may in this case salvage the situation.

In Legnica Voivodship for the same reason, on some the specialized rape farms the rape is beginning to wilt and dry up and it is possible that in the spring the fields will have to be plowed under. Altogether, so far in that voivodship the planting plan has been fulfilled 50 percent, and in Jelenia Gora Voivodship about 70 percent, with the progress of planting operations varying markedly. In the regions of Zgorzelec and Boleslawiec, where the precipitation was the lowest and the land is dry down to a depth of one-half meter, the rate of field operations is the slowest, and the germination of grain is feeble and delayed. In the other regions the situation is more favorable.

In all four voivodships of Lower Silesia potato harvesting is nearing its end, with the size of the harvest being average, despite its marked differentiation in discrete regions. A classic example is Jelenia Gora Voivodship where 200 and more quintals per hectare are harvested in the region of Kamienna Gora whereas at most 150 quintals per hectare are harvested in the region of Zgorzelec. Even greater differences occur on individual farms. On the other hand, potato procurements are progressing much less satisfactorily. In Legnica Voivodship just a little more than half of the expected quantity has been procured by the gmina cooperatives, and in Jelenia Gora one-half and in Walbrzych about one-fourth. It is a fact, though, that the potatoes available for consumer supply, and especially for collective supply through the mediation of labor establishments, also derive from sources other than GS and hence a realistic appraisal of the state of supply is difficult.

In all places the harvesting of sugar beets is progressing rapidly, and in Wroclaw Voivodship it has been completed on more than 83 percent of the land planted with beets. On the whole, the beet harvest is higher than had originally been expected, but the trouble is that the sugar mills are not catching up with the volume of beet shipments to be processed, so that beets are exposed to steaming in piles on storage areas.

The worst situation is looming for in-situ produced farm fodder. Most pasturelands are so drought-devastated that cattle has to be additionally fattened with green fodder and grass derived from third mowing, which should have been stored for the winter. In this respect the situation is still the most favorable in Walbrzych Voivodship where, to be sure, also complaints are being made about the shortage of moisture, but the recent precipitation has been greater than in other regions of Lower Silesia. The worst affected are the Legnica and Jelenia Gora voivodships, where increased sales of cattle by farmers are being observed.

Milk procurements, too, have markedly declined.

Sales of livestock, chiefly of slaughter cattle before the winter are a normal occurrence ensuing from the feeding cycle: following its grazing period, slaughter cattle is additionally fattened in stalls and reaches the required slaughter weight toward the end of autumn. This year, however, these sales are taking place too early, and the fact that livestock of lower weight is being sold indicates that farmers have been compelled to sell it by the difficult fodder situation.

A different matter is the supply of farmers with concentrated fodder, which is stocked by gmina cooperatives in large quantities but does not enjoy popularity among farmers. This is of a certainty due to the accumulation of correspondingly large stocks of grain from this year's harvest. This is reflected in the slow pace of grain procurements. Outside Jelenia Gora Voivodship, the procurement plan was not fulfilled in any voivodship. In Legnica Voivodship, where the plan is for 113,500 tons, so far a little more than 78,000 tons have been procured; in Wroclaw Voivodship the procurements are nearing the target, but in Walbrzych Voivodship so far only 84 percent of the grain procurement target has been achieved. It is characteristic that in that voivodship state and socialized farms overfulfilled their targets but private farmers fulfilled their duty only about 73 percent.

The harvesting of silaging corn also is nearing its end. Its yields also vary greatly, as does its nutrient value. In some regions it has been completely harvested in green form, while in others it was harvested in an already largely desiccated form. Under these conditions the most important thing at present is to accumulate the largest possible stocks of all available locally grown fodder as well as of fodder deriving from the processing industry. In the winter every quintal of hay, straw and properly ensilaged beet pulp will become valuable.

Slow Grain Procurement

Bialystok GAZETA WSPOLCZESNA in Polish 27 Oct 82 p 1

[Article by (jas): "Slow Rate of Grain Procurement: In Our Region"]

[Text] (Own information.) Out of the domestic grain output, estimated at more than 22 million tons, 5 million tons are to be procured by the state under the plan. The implementation of this target varies depending on the region. Good results have been achieved in Bydgoszcz, Poznan and Zielona Gora voivodships and unsatisfactory results in Siedlce and Ostroleka voivodships.

The differences are also observable in our region. The information we received from the District PZZ Enterprise of the Grain-Milling Industry in Bialystok indicates that by 24 October of this year about 36,000 tons of grain (32 percent of the yearly plan) have been delivered to procurement stations in Bialystok Voivodship; nearly 39,000 tons (38 percent of the planned quantity) in Suwalki Voivodship; and the least, in Lomza Voivodship--a little more than 11,700 tons (14.5 percent of the yearly target).

Despite various promotion campaigns, grain procurements continue to be slow. The daily deliveries in the three voivodships range within 100-120 tons. The smaller quantities--100 or 200 kg of grain each, are brought in chiefly by private farmers who wish to barter them for mixed fodder--which generally is not available. On the other hand, the rural opinion is such that most farmers, being busy with field work, still have not threshed their grain and plan to do so in the next few months. After the threshing is completed, they will decide how much grain they will use for fodder on their own farms and how much they can sell. In view of this, the PZZ expect increased deliveries in the second half of November and in December.

Update on Rzeszow Area

Rzeszow NOWINY in Polish 27 Oct 82 pp 1,2

[Article by (e): "Harvesting Finally Nears Its End"]

[Text] In Tarnobrzeg Voivodship the plowshares become hot from the intense plowing.

In Przemyśl voivodship the long-expected rains improved the state of winter crops and rape.

Storage areas are full with sugar beets.

Apples are in distilleries, refrigerated warehouses and... mounds.

(Own information.)

Harvesting operations in the south-eastern voivodships are nearing their end. On the fields remain only small quantities of sugar beets and corn as well as aftercrops. An overwhelming majority of farmers also have coped with the planting of winter grains.

Winter plowing is under way at present. In Tarnobrzeg Voivodship, where so far the precipitation has been the lowest, the shares of tractor-drawn plows become hot to the touch during plowing. In Przemyśl Voivodship, on the other hand, recently--following a succession of rains--the moisture content of the soil has radically improved, which was also reflected in the state of the cultivation of rape and winter grains. Similarly intense precipitation is still being awaited by farmers in many areas of Rzeszów and Krosno voivodships in which the water level of the soil is still extremely low.

The utilization of this year's harvest of root crops, vegetables, fruits--and particularly apples, has been greatly troublesome. Industrial apples continue to be dispatched for processing in vegetable and fruit plants, distilleries, and refrigerated warehouses. Part of that crop has even been piled in mounds. For example, in Przemyśl Voivodship the daily processing volume at present is 200 tons of apples. The retail price of that fruit on the local market ranges within 15-25 zlotys per kg and is even as low as 5 zlotys per kg directly at the orchard.

Edible apples of the late-autumn and winter varieties are being stored in special or temporary facilities. For example, at the PGR Kobylany (Tarnobrzeg Voivodship) a temporarily unused calves' pen was adapted for this purpose. Part of the apples--a very small one for the time being--was destined for export. Further shipments are being prepared by, among others, the Experimental Orchard Center in Albigowa and the larger orchard farms in Tarnobrzeg Voivodship.

The procurements of sugar beets have been good, despite various problems. Thus, e.g. in Przemyśl Voivodship the procurement plan was 283,00 tons of sugar beets. So far farmers already delivered 287,000 tons. Thus the procurement plan was exceeded and the harvest is higher than originally estimated.

In Tarnobrzeg Voivodship 75 percent of the planned amount of sugar beets has already been procured. Certain procurement stations, e.g. in Zbydniów and Antoniów, are filled to the rim. The sugar mills are not catching up with the reception of beets. In Rzeszów Voivodship only about 3 percent of sugar beets remain to be harvested.

Against this background, grain procurements look much worse. The best results so far have been achieved in Przemyśl Voivodship (plan fulfilled 36 percent). In Rzeszów Voivodship a little less than one-fourth of the targeted procurements has been received, and in Tarnobrzeg Voivodship about 18 percent.

In the south-eastern voivodships attempts to promote the sales and procurements of grain on the basis of universally mandatory principles are being continued. It should be borne in mind that farmers who sell their grains are qualified to buy industrially produced feeds, fodder concentrates and coal--of course, in specific quantities corresponding to the amount of grain delivered. Other "barter" items are not taken into account.

PHOTO CAPTION

Beet leaves also are a valuable ingredient of the currently prepared ensilaged and other fodder.

Sugar Processing

Warsaw PZECZPOSPOLITA in Polish 27 Oct 82 p 6

[Article by (Jesz): "Smooth Course of Sugar Campaign: 77 Percent of Beets Delivered to Sugar Mills; The Contest for Beet Pulp; Lower Costs, But Subsidies Continue"; passages enclosed in slantlines printed in bold face in source]

[Text] (Own information.) By 24 October the sugar mills have bought 10,726,000 tons of beets or 77 percent of the entire harvest, estimated at about 14 million tons. However, only 4,016,000 tons have been processed, and it is precisely this difference between the quantity of beets processed and that of beets waiting to be processed that is the principal cause of tensions between sugar mills and beet farmers. /In some sugar mills the question of beet pulp is becoming a cause of conflict. The farmers want to take it back to their farms immediately, preferably by the same means of transport by which they deliver the beets, but this is hardly a realistic demand (beet pulp cannot be provided from beets which will be processed only in December!)./

Another cause of conflict, with both sides making claims besides, is the queues at beet procurement stations. Farmers complain about the waste of time, while sugar mills complain that deliveries are not based on previously agreed-upon schedules. It is interesting that disagreements of this kind are few in Poznan or Leszczyna voivodships where both parties understand better their mutual interests.

Aside from this, the sugar campaign is progressing quite smoothly. /The so-called polarization of sliced beets (sugar content of beets) is high, amounting to 16.31 (compared with 14.51 a year ago), which means a sugar production on the scale of 1,550,000 to 1,600,000 tons. So far 488,000 tons of sugar have been produced./ The largest producers are the sugar mills in the Lublin (93,000 tons), Lower Silesian (76,000 tons) and Wielkopolska (58,000) regions. Among them the record-breaker is the sugar mill in Werbkowice, which produced 15,600 tons of sugar. The supply of coal, limestone and tare is very good, and there is no problem with transport either.

The sugar campaign this year will be short and should be completed as early as in December. /The high quality of the raw material and the lower consumption of materials should contribute to reducing the production cost of sugar. However, that cost will probably not drop below the retail price. Current estimates are that the production cost per kilogram of sugar will be roughly 40 zlotys and, depending on the sugar mill, will range from 38 to more than 50 zlotys./ The sugar industry thus still has to be subsidized which, considering its considerable depreciation of equipment, causes additional difficulties.

On the world market the prices of sugar at present are very low. We will not thus earn from exporting it, but let us be glad that we will not have to import sugar because its prices, though low, would even then probably be too high to us considering our current economic situation.

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ASPECTS OF ECONOMIC REFORM IN FOREIGN TRADE DISCUSSED

Pro-Barter Orientation of the Economy

Warsaw HANDEL ZAGRANICZNY in Polish No 5-6, 1982 pp 3-5

[Article by Urszula Płowiec]

[Text] There is an increasing perception of the need to develop a pro-barter orientation in our economy. This view is expressed not only by economists dealing with Poland's foreign trade problems for years¹ but also by others whose interests focus on economic growth and economic policy issues.² Despite a widening circle of advocates of this type of orientation, the Polish economy is still only to a small degree geared toward development of exchange with foreign countries. Why is that so? A concise answer to this question is: because the Polish economy continues to be insufficiently effectiveness-oriented.

The notion of pro-barter orientation in the economy calls for closer specification. That notion includes development of exports and streamlining of imports—commodities and services. These processes, and problems related to them, are discussed here in relation to the years 1982-3. Development of exports is understood to mean growth of the volume of supply and enhancement of its effectiveness achieved by rising foreign-exchange prices and lowering domestic prices of exported goods (which includes the effects of decreasing imports absorptiveness of production). Streamlining of imports of goods and services is understood as a channeling of imports primarily to meet export production developments needs and optimal utilization of imported raw materials, machinery and consumer goods (in particular, to reduce consumption of semiprocessed products per unit of output).

The problems of pro-barter economic orientation affect both the realistic sphere, that is, decisions concerning the establishment of export-oriented production structures, and the regulatory sphere, that is, decisions that favor export-oriented operation of the economy and streamlined imports.

Even in a situation as difficult as the current one, a pro-barter economic orientation should be synonymous with an effectiveness-geared orientation. If this condition is to remain unmet, the concept of pro-barter orientation should not be promoted lest it becomes discredited. The share of exports in the national income is estimated at nearly 30 percent, which indicates a relatively high degree of openness to exchange with foreign countries. The

higher the share of exchange in national income, the greater the central authorities' obligation to expand exchange based on the results of sensibly-conducted economic cost analysis. If exports are either partially unprofitable or yield little profit, further export increases would threaten to impoverish the economy and lower, rather than raise, the population's standard of living, even under the conditions of economic growth.

A pro-barter orientation therefore requires that several preconditions be met, including the following in particular.

- An effectiveness analysis should accompany every economic decision made by enterprises and by central administration.

- That analysis should be based on prices used in mutual financial clearings by suppliers and receivers, rather than on prices especially construed for carrying out that analysis.

- Sales prices should be independent from individual producers' preferences and their levels should approximate supply and demand equilibrium.

- Producers should be acceptingly sensitive to changes in sale prices.

This implies that implementation of a pro-barter orientation requires further profound changes to be made in the functioning of the economy as a whole and cannot be assigned to the foreign trade sector alone. After all, foreign exchange is not an economic sector but a sphere of economic management. Rendering it more efficient and stimulating it should be the substance of activity of all functional ministries. On the other hand, initiating of and setting directions for such activity should be assigned to functional ministries dominating a given field.

A pro-barter orientation should be applied to processing industry and service industries, in other words, those fields in which decisions on exchange are made by enterprises. Decisions on exchange of fuels, raw materials and semiprocessed materials should be made by central authority, so that in these fields only sales price levels are subject to discussion.

The necessary profound changes in the functioning of the economy should also involve stability of enterprise management principles for at least the next several years to induce enterprises to start efforts for future results (for instance, human attitudes may stagnate because of uncertainty whether, and in what form, export promotion can be counted on, e.g., in shipbuilding where contracts must be made considerably in advance of completion dates).

With an imbalanced internal market, a pro-barter orientation must be reflected in actions of two kinds: use of indirect methods to stimulate it, and application of certain elements of economic coercion. A pro-export orientation should be stimulated through a system of wages, taxes, investment and credits. Plant work forces must be convinced that export is profitable for them. There should be no illusions that enterprises, once put on the course of profit maximization, will conduct activities incompatible with this course. Such may be the

case only when exports yield other--occasionally difficult to define--benefits, that is when a kind of economic coercion is at play (foreign exchange for purchases of production components can be obtained only through deductions from foreign exchange revenues).

The economic coercion for an effectiveness-oriented course should find its expression in specific modifications of labor law. If, for example, that law included a clause stating that down-time payments match some minimum social level (adjustable to the country's current economic situation), it would be much easier to release pro-export impulses in the workforce. Moreover, if it could be resolved that enterprises are to participate in net profits from newly launched export production in 30 percent (40 percent if such production is based on domestic raw materials), much societal frustrations could be avoided. The current setting where substantial unused productive capacity is available in enterprises can even be considered a factor conducive to export-oriented shifts, but the impulse to start them should come from the central authority.

Factors stimulating the pro-export orientation should be made part of all components of economic management, including planning, manipulation by parameters and organization of foreign trade. Particularly aggressive stimulatory measures should be those involving increases in profitable exports because then they can include both zloty incentives and foreign incentives (with no fear that the latter will be covered in the balance of payments).

In the field of planning, an acute shortage of foreign exchange permits no mitigation of import regulation principles instituted this year. This situation is, however, conducive to more rational regulation, especially that concerning write-offs from foreign-exchange revenues. They are evaluated as a positive instrument creating an automatic correlation of imports with exports, which is a step ahead in comparison with the past practices. At the same time, this instrument has serious drawbacks:

- write-offs are dependent on revenues only and are not conditioned by production profitability levels,

- utilization of write-offs is restricted to imports for purposes of co-production and supply stocking, while consigning foreign exchange to subcontractors is obstructed,

- write-offs make no allowances for import-intensive intermediate stages in the manufacture of an article so that, in effect, indispensable foreign exchange cannot be guaranteed to subcontractors,

- enterprise accounts are not automatically interest-bearing,

- increases in exports cause no increase in the rate of write-offs.

Thus, a comprehensive minimum rate of write-offs should be introduced and amounts of write-offs should be made contingent on export effectiveness and import intensiveness. In selected cases, a rate should be allowed for

an entire export enterprise complex, rather than granted to a final producer alone. Amounts held in foreign-currency accounts should be interest-bearing in all cases. Finally, provisions should be made for an additional write-off to be allowed for a major increase in profitable exports.

The export-prioritizing orientation requires unmediated contacts of the foreign trade ministry with producers of export goods. The operational programs category, instituted last year, provided opportunities along this line but those have not been exploited. Contacting producers through the intermediary of branch ministries or plenipotentiaries appears to be ineffective because such links are always likely to give preference to their own interests. Foreign trade ministry's direct contacts with producers are particularly necessary to assure fulfillment of obligatory contracts with CEMA countries. To achieve this, it will be necessary for the ministry of foreign trade to sign contracts with producers of goods to be exported to those countries and to provide in those contracts for coverage for potential detriment or loss suffered due to the carrying out of a contract. This requires substantive changes in the organization of the ministry of foreign trade, along with the establishment of separate accounts for exchanges with individual countries within the ministry's countervailing account.

Another issue of considerable importance is for the planned balance of payments to provide resources to exporter-enterprises for anticipatory credits and rapid-return investments to be repaid from revenues generated by new exports.

An issue central to economic steering by means of parameters is how to obtain increasingly effective price sales on capital goods and increasingly effective rates of foreign currencies. The system of sales prices on goods currently used in trade exchange is counter-effective and unsuitable for as a basis for developing a pro-barter orientation in the economy. It is a three-tier system, considering that:

- fuels, raw and semiprocessed materials are purchased at official prices based on foreign-exchange prices multiplied by a 50 zlotys per dollar conversion factor, whereas other imported capital goods are purchased at current transaction prices, established by applying the rates of 68 zlotys per ruble and 80 zlotys per dollar and adding applicable customs tariffs and middlemen's markups,

- goods that are profitable as exports are sold by producers at transaction prices,

- goods that are unprofitable as exports are sold, to be exported, by producers at contract prices approximately or identical with prices obtained in the domestic market.

Thanks to this system, imports continue to be relatively inexpensive, with primary raw materials being the cheapest. In addition, results of calculations of effectiveness based on these prices are not reliable for enterprises to make sensible decisions. The system undermines the three "S" principle

[self-dependent, self-governing, self-financing] on which the economic reform is based.

In effect, action is necessary to bring about a uniform system of sales prices, in particular, by completing a verification of official prices for fuel and raw materials using the effective rate of 80 zlotys per dollar as soon as possible (before the end of 1982, in any event), and by attempts to curb a rising trend in contract prices, which is equivalent to detecting unprofitability in the production of many goods. Measures conducive to reduction of sales prices for processed products primarily include:

- the Ministry of Foreign Trade's discontinuance of the practice under which processed export products are purchased and entered in the accounts of foreign trade enterprises at their contract prices, since this practice prevents producers even from knowing transaction prices of their products,

- taking all necessary measures to release internal competition among producers of processed products,

- an announcement, to be followed no later than 1 January 1983 (once exchange rates have been changed, which is likely) by actual implementation of a principle under which sales prices on processed products with export potential will be determined on the basis of prices obtained in foreign exchange trade (as in Hungary, the point here is to establish a competition domain for enterprises whose foreign exchange exports account for at least 5 percent of their sales).

When measures to standardize and discipline the sales price system are implemented, no justifiable changes can be made in the levels and interrelations of foreign currency exchange rates (many producers assess the current pattern of exchange rates as preferential for turnovers with socialist countries, which provides hardly any motivation to obtain higher prices). Further devaluation of the zloty, more than anything else, would lead to more distinct differentiation in sales price levels and, in effect, to another wave of compensation allowances, unacceptable for societal reasons.

Taking such concerns into account, every effort should be made to minimize further possible devaluation of the zloty. The level of trade exchange established after sales price levels are standardized should favor growth in profitable exports of the bulk of processed products, allowing at the same time for the scope of possibilities for rational subsidizing of reproduction.

In this new setting, calculations of current export effectiveness should be guided by the principle that exports are profitable if export revenues cover applied inputs of material and variable costs per product unit.

Standardization of the levels of sales prices should be accompanied by application of countervailing turnover task to bring retail prices of processed products to the level of supply and demand equilibrium.

Current principles under which processed products are purchased for exportation allow a pretense of honorable existence to producers who, in fact, are subsidized either from the central budget or through charging their domestic customers excessive prices. Because of that, it is now necessary to switch to overt subsidizing of production. To achieve this objective, an announcement should be made about undisguised rules for subsidizing unprofitable production to be introduced no later than the time when the principles for determination of processed product sales prices are being modified. This can be justified by social concerns (e.g., development of a backward region, employment for the handicapped) defense concerns (or growth concerns--e.g., chemical research in coal processing). Subsidies to production should be made under public monitoring. They should be related with the programs or development strategies of individual sectors. Subsidy mechanisms should be in keeping with the following principles:

- a type of activity can be subsidized only if approval of the Sejm is granted in an appropriate resolution,

- costs and manner of subsidizing should be justified in advance,

- certain units should be designated to supervise and evaluate the effects of subsidizing.

As I mentioned in the introductory section, a pro-export orientation in the economy must cause measurable benefits from exports to be felt by the workers. The write-offs from export revenues, currently the principal incentive for export development, are not, after all, an object of interest to individual workers. To encourage pro-export involvement, the following steps are necessary for those enterprises whose sales prices are based on foreign exchange transaction prices:

- more liberal taxation of the average wage to benefit the Professional Stimulation Fund (FAZ) should be introduced,

- investment undertakings by enterprises should be made possible by increase in the share of statute fund covered from each enterprise's own resources,

- stabilization loans amounting to 30 percent of profit should no longer be collected, so that profitable and export-oriented enterprises are given opportunities for growth.

With regard to export-oriented components within the foreign trade system it is worth noting that the provisions of the law on licensing to engage in foreign trade activity are assessed as advantageous. To date, producers have been using the license they were granted with prudent restraint. Still, the freedom to choose an exporter has not been assured in those branches in which foreign trade enterprises are monopolies, e.g., CIECH Import-Export Agency in the area of chemical turnover. It is desirable to designate an enterprise which would be able to handle turnovers of different commodity groups. The DAL International Trade Society (TIM) S.A. could function in this way.

Freedom of action in the organization of the foreign trade system is leading at this time to the servicing of producer-exporters, both in exports and in imports, by a selected foreign trade enterprise, which appears to be beneficial. The relationships between producers and foreign-trade enterprises are beginning to take shape on a new and healthier basis.

On the other hand, there remains an important difficult and unresolved problem of establishing pro-export-oriented production structures, i.e., pro-export, vertical concernlike associations (e.g., a shoe factory with a leather manufacturing plant, a clothing plant and a fabric plant). The development of such linkages can be of substantial importance when write-offs from foreign exchange revenues are allowed or when export-gearred, investment and turnover foreign-exchange credits are sought from the Handlowy Bank [Commercial Bank] and from foreign partners. Existence of such linkages can be a winning card in the talks about participation in the International Monetary Fund.

In sum, the central problem systemic in the establishment of the pro-export orientation in the economy at this time lies in the streamlining of parametric steering of the economy, in other words, in standardization of sales price levels, verification of foreign currency rates, instituting overt principles of production subsidizing and in modifying enterprise financial system so as to eliminate disincentives to export growth and to introduce strong motivation for increases in exports of processed products.

FOOTNOTES

1. See B. Wojciechowski, "How It Really Is," POLITYKA Export-Import Section No. 3/1982 and J. Kleer, "Remove Disincentives," POLITYKA, Export-Import Section, No. 4; 1982.
2. M. Nasilowski, "Two Likely Scenarios," POLITYKA, No. 14/1982
3. If fuels, raw and other materials are to be acquired on credit, the costs of interest paid should be shifted to users of those goods, so that import costs to the producer are equivalent to the cost to the entire economy.

Information Systems Concept

Warsaw HANDEL ZAGRANICZNY in Polish No 5-6, 1982 pp 6-9

[Article by Jozef Wierzbowski and Krystyna Zawistowska: "An Information Systems Concept For Foreign Trade Under Economic Reform"]

[Text] Currently operating information systems have been adjusted to a centralized system of economic management based on hierarchic decision and information transfer, primarily within vertical arrangements. The changes in the system for management and functioning of the economy that the reform has instituted cannot fail to affect the information systems which must be modified as well.

The law dated 26 February 1982 on socioeconomic planning specified the nature and scope of the central plan and the duties of the economic center in the area of information transfer for production and turnover units (enterprises), but it nearly completely omitted the other side of the problem, i.e., data inflow from such units to the center, providing indispensable information on intentions of economic units in the realistic sphere and on actual course of economic processes.

Two factors can be speculated to have been at work here: on the one hand, the authors of the law on socioeconomic planning had assumed that information indispensable for central planning will be available within the framework of official statistics, on the other hand, they had hoped to avoid direct interference of state administration in enterprise activity. This, however, gives rise to an evident information gap. First, statistical information constitutes only a portion of the entirety of economic data indispensable in the process of centralized planning. Second, no new information channels had been charted for data inflow from enterprises to the center (except for the adjustments provided for by the law on state statistics).

A comprehensive discussion of the problem outlined here certainly exceeds the scope of this article, both because of its extent and because of the profile of the *HANDEL ZAGRANICZNY* monthly. Consequently, we will limit ourselves to a discussion of this program using the foreign trade information system as an example. We are looking at this problem primarily in the context of needs resulting from central planning of foreign trade turnovers.

General Assumptions

From the standpoint of central planning, a foreign trade information system should ensure acquisition, as far as possible *ex ante*, of data to be used in:

- a. the economic center's preparation of forecasts and analyses in the area of foreign trade turnovers (allowing for links with other areas of management) to be used by the center in its own planning work and to be transmitted as information material to organizational units in commercial and production apparatus for use in their planning;
- b. monitoring of the levels of performance under assumptions adopted in central plans of foreign trade turnovers, allowing for the composition of such turnovers and their interrelationships with other spheres of management;
- c. development of forecasts on the circumstances under which assumptions of central economic plans will be implemented, so that anticipatory measures can be taken to ensure adherence to these assumptions or their appropriate early correction comprehensive (including revision of values of numerical parameters for indirect steering of foreign trade turnovers like currency rates, credit interest on credits and tax rate).

When developing a foreign trade information system the following assumptions introduced by the economic reform or and/or dictated by the country's economic situation should be taken into account:

-central plans are not unit-related in nature (except for a limited range of organizational units in the nonmaterial sphere).

-foreign trade turnovers are to be steered in principle by indirect methods,

-a substantial source for import financing will be increasingly provided by enterprises' own foreign exchange resources built by enterprises on their own and based on a principle of standard write-offs from export revenues in convertible currencies,

-commodity monopoly held by foreign trade enterprises (excluding essential strategic goods) is abolished,

-the system of licensing foreign trade activity is expanded for organizational units in the production apparatus.

At the same time, in connection with the accomplished reorientation of changing the geographic and commodity structure of Poland's foreign trade, the foreign trade information system should provide for generation of data permitting the preparation of detailed intrabranh analyses covering specialization, industrial coproduction with other countries and utilization of production capabilities in collaboration with the socialist countries.

In order to be compatible with the requirements posed by the economic reform, the foreign trade system must meet a number of conditions, including:

-expanding the coverage of the system to encompass a range of nonstatistical data, primarily for planning, coherently related in method and code with statistical information; in the future, the system should also incorporate compilations of marketing data, understood as information about external environment, to be fed into the system by specialized foreign-market research groups, along with data from world economic development forecasts, prepared by Polish and foreign research institutes and agencies of international organizations,

-collection and processing of information transcending problems in foreign trade turnovers sensu stricto and inclusion of additional data permitting correlation of foreign trade turnovers with other spheres of management both in the stages of development of central plans and in the course of monitoring of their gradual fulfillment (with appropriate advance time),

-determination of precise links with (including the scope and principles of data flow) with other information systems, especially banking information systems,

-incorporation of documentation and principles for document flows into the system for planning and steering foreign trade turnovers, especially central level planning,

-provision of possibilities, based on the system's data base, for developing independent subsystems operated either in an entity-related mode to benefit

organizational units participating in foreign trade activities or in topic-related modes to service segmental planning, analytical and forecasting projects.

The complexity of systems of this kind (quantity of collected data and their cross-referencing) is the reason why such a system can be utilized only as an information system, taking advantage of Electronic Computer equipment [ETC] as a medium permitting the collection, processing and access to data in different arrangements by problem, commodity, geography and organization and in variable planning patterns.

Principal Content of the System

The Foreign trade information system should primarily contain data descriptive of individual events composing a logical sequence in the carrying out of foreign trade turnovers from the planning stages through the stages of implementation down to the receipt or transfer of remittance due for completed export or import deliveries, additionally including in the case of exports, the stages by which a shipment reaches the final recipient. Let us consider what events should be described in those documents so that data extracted from them provide a comprehensive data bank indispensable for multifaceted generation of information necessary for the central level of planning and for the steering of foreign trade turnovers?

First, these should be data resulting from effective economic plans, i.e., numerical values for all (directive and informational) planning categories developed according to differentiated criteria (purpose, source of funding and commodity, organizational and geographic patterns). The codes for these categories, subsequently used in all other input documents for the system, should permit, if consistently applied, for referring successive events in the course of foreign trade processes to specified planning categories. In this manner, regardless of the nature of a plan (directive or informational), a set of planning data constitutes a frame of reference for monitoring degrees of implementation of the assumptions of central plans on all subsequent stages of foreign trade processes. This is of exceptional importance because it permits the economic center's early triggering of corrective mechanisms, if needed, and assures a flowing supply of data that ought to or can be used in subsequent planning cycles.

A second phase to be monitored in the foreign trade process should be the issuance by the minister of foreign trade (as implementator of the foreign trade monopoly) of an export or import license authorizing its beneficiary to conclude contracts (entering in civil legal relationships) with foreign contractors during periods and under terms specified in the license.

This problem requires special emphasis because the present formal legal approaches¹ fail to handle it adequately. A detailed analysis of the existing state of affairs calls for a separate treatment. More so because the problem of mutual ties between the system for planning foreign trade turnovers and the system of export and import licensing has its own literature extending back to the 1960's.² Suffice it to note here that permits for exportation

or import granted under recent practices (until 1981) functioned not so much as import or export licenses as expressions of agreement to carry out contracts that had already been signed. In fact, due to the absence of genuine formal control over the progress of deliveries thus authorized, they were virtually equivalent to statistical cards describing the terms of concluded contracts. This was possible under planning by directive when export tasks or import allotments assigned to designated organizational units constituted sui generis export or import licenses to authorize contracting under terms specified in the plans (e.g., purpose of imports, source of financing, etc.).³ Under the provisions of a new law on socioeconomic planning according to which the bulk of central plan indexes for enterprises are indicative in character (and are not addressed to specific organizational units), licensing of foreign trade turnovers can become a major instrument for affecting volume and composition of those turnovers at times when other methods, e.g., credit interest charging, prove ineffective.⁴

Aside from substantive premises and confining ourselves to information systems, export and import licenses (including requests for their issuance submitted to the Ministry of Foreign Trade) are of considerable importance from the point of view of central planning as sources of information for the establishing of:

- intended lines of action of organizational units in the sphere of foreign trade,
- size and structure of preliminary allocation of resources to export-imports and to utilization of export opportunities,
- assumptions of treaty policy.

Informational content of a license corresponding to the terms under which approval is granted in it for a contract to be signed with a foreign client can vary depending on the range and kind of transactions.

The coded part of the system should provide for utilization of that information as it relates to planning categories and organizational, commodity, geographic and financing arrangements. The number of a license should function as an identifier recurring in all subsequent documentation in the system as a result of which an export or import license would play a key role as information constituting a point of departure for specified implementational sequences to be initiated within the foreign trade process.

The third phase in the foreign trade process to be monitored by the information system should be the moment of a foreign customer's signing of the contract, described in a contract statistics sheet. A sheet of this kind, basically equivalent to the currently used import or export permit should, however, contain a much larger range of information in comparison with current practices. This is particularly true with reference to terms of payments to foreign recipients and information envisioned for use in countervailing accounts and code bases.

In general, informational content of contract statistics sheets should be identical with the content of documents that describe the next phase in the foreign trade process, i.e., export or import deliveries involving documentation similar to the current export and import invoices. Such information (provided in contract statistics sheets) should permit anticipatory determination of:

- volume and composition of exports and imports in a breakdown by product and direction (with specified advance times);

- anticipated implementation of central plan assumptions in the area of foreign trade turnovers,

- expected revenues and expenditures specified in currencies to be remitted,

- anticipated amounts of standardized write-offs to be entered in foreign exchange accounts of enterprises and amounts to be handled by the economic center, earmarked for allocation to central imports, for import needs of the units in the nonmaterial sphere and for repayment of debts.

Data from contract statistics sheets could also provide for estimates of the degrees of exploitation of production capacities and could form an important element in the determination of balances of payments.

Data from export and import invoices would permit (as they do even now) analysis and evaluation that contract statistics sheets would permit, except that this would be done--payments to foreign contractors excluded--ex post rather than ex ante. License numbers (included in contract statistics sheets as well as in export and import invoices) would additionally permit automatic checks on compatibility and implementation of concluded contracts with the terms spelled out in import or export licenses.

The fifth phase to be monitored in the foreign trade process is the level of remittances to foreign recipients accounting for the physical performance in imports and exports. Data concerning foreign payments should be extracted for the foreign trade information system from the banking systems (primarily from the Handlowy Bank information system). The scope of that information and the mode of collaboration between the two systems should be subject to special analyses in order to determine the division of responsibility and to avoid possible duplication of data sets, provided that there is a necessary condition under which the banking system's interests should be expanded to include payments from abroad receivable by domestic shippers and receivers. This primarily involves allowances to be written off to foreign exchange accounts of enterprises. It is necessary to interrelate those accounts under a banking system with data on foreign trade contracts and turnovers in order to determine the volumes of resources that must be reserved in plants to be handled by enterprises and to determine the levels of standardized write-off allowances for future planning periods.

Write-off allowances of foreign exchange to enterprise accounts also impinge on the next phase in the foreign trade process, namely, the distribution of central imports through central domestic sales agencies (i.e., directions of allocation of central imports). This represents a genuine novelty as opposed to the present foreign trade statistical information system under which none but the payer of a foreign trade enterprise could be determined. It is necessary to obtain data on total imports of production enterprises (including direct imports computed on the basis of import invoices plus central imports reported from sales agencies, calculated on the basis of data submitted by those agencies) in order to determine correct levels of foreign exchange allowances to be written off to enterprise foreign-currency accounts and to determine import-absorptiveness of production as an essential factor in materials management broken down by organizational unit and task assignment.

A separate place within the foreign trade information system is occupied by data on specialization arrangements with CEMA countries and on contracts pertaining to industrial coproduction with foreign partners. Two separate problems should be distinguished here: how to obtain information on contracts, and how to obtain data of implementation of contracts. In the first case, a modification of the GUS Main Statistical Office statistical system is required, i.e., replacement of units that used to feed information into the system (due to elimination of industrial associations that had performed this role); in the second case, it is necessary to introduce codes for specialized contracts and coproduction contracts into all documents discussed earlier, which would additionally permit the monitoring of foreign trade turn-overs within their specialization and coproduction patterns referred to particular contracts, if necessary.

This aspect of the foreign trade information system is especially important in relation to the ties with other sectoral systems like investments, production or materials management, because it feeds those systems with data on the Polish industry's multiyear connections to be taken into account in planning and in decisions on development in those sectors.

Principles for System Development

Accumulated experience on the GUS foreign trade information system which would be the basis for developing the system expounded here indicates that the new system should be based on original ('raw') documents, as far as possible those that perform specific substantive functions in the foreign trade system and are at the same time information-carriers essential within the information system. Proper functioning of the system requires these documents to have compulsory circulation, i.e., introduction of data into this system should constitute a mandatory phase in the circulation of those documents subsequently monitored in the course of their utilization cycle. This approach is of some importance for the development of the system as a whole, for it presupposes its being based on compilations of unit data correlated by means of a common base of concept and code recurring in all documents.

Preconditioning efficient operation of the system outlined here is, on the one hand, undivided responsibility for its development and expansion centered within a single organizational unit (a system's 'host'), on the other hand, it is

within a single organizational unit (a system's 'host'), on the other hand, it is a modular structure of the system within which individual modules can be developed autonomously on the basis of particular input documents and data flows from other (earlier applied) modules. The entity that should run the entire system should be the Main Statistical Office (because of its prior experience, among other reasons) or the Ministry of Foreign Trade. Particular system modules, in turn, should be managed by those organizational units wherein primary responsibility is centered for assuring correct process of foreign trade activities in the macroeconomic scale and/or on which correct source document cycles are dependent. For instance, data from central plans should be made available by the Council of Ministers' Planning Commission with its own Information Center, data on licensing and contracts should be provided by the Ministry of Foreign Trade using the Foreign Trade Information Center, data on foreign exchange accounts of enterprises should be supplied by banking systems, and data on deliveries and specialized and coproduction agreements should be made available by the Main Statistical Office's Electronics Center.

In all the variants, a solution is required for cooperation with units within the material sphere which function, on the one hand, as providers of original information to be further processed and, on the other hand, can also function as recipients of resulting data aiding their own planning and decisionmaking processes in foreign trade. A model solution can be seen in collaboration between organizers of individual modules and units within the material sphere immediately on the level of information systems wherein data are transmitted by machine information carriers.⁵ In other cases, the bulk of collaboration centers on efficient organization of source documentation flows. Along with that, it is vital to assure that informational content of the documents developed from the standpoint of planning and central steering places no limits on material sphere units as far as expansion of that content is concerned to meet their own needs, within item-focussed systems they run.

As indicated by the above-described outline, the development of a foreign trade information system to match conditions established by the economic reform is a complex and time-consuming undertaking, calling for integration of numerous organizational units and segmental information systems. A detailed concept of this system is being developed among others, by a team appointed on a GUS initiative and composed of representatives of different organizational units (ministries, banks, foreign trade enterprises). We hope that the results of the team's work will be successively discussed in FOREIGN TRADE.

FOOTNOTES

1. Minister of Foreign Trade Directive No. 8 dated 2 February 1982 on import and export permits in commercial turnovers with foreign countries. Ministry of Foreign Trade Official Gazette No. 2 of 4 March 1982, item 8.
2. See J. Zieleniewski and S. Szczypiorski, "Organizational principles and techniques of foreign trade," State Economic Publishers, Warsaw, 1963, pp 150-52.

3. in special cases, the signing of a contract required prior granting of a permit by the Ministry of Foreign Trade, which is an additional reason why so-called import and export permits did not function as licenses.
4. This applies to commercial turnovers and, directly, conclusion of contracts, but not only to this: a system of licenses issued by the minister of foreign trade can—and in our opinion, should—allow for considerably earlier phases in economic activity like issuance of a license specifying import allotments when investment decisions are made, or licenses authorizing the signing of a contract on industrial cooperation with a foreign partner.
5. E.g., collaboration of certain foreign trade enterprises with the Main Statistical Office through the intermediary of the Electronic Computer Center DE of the Ministry of Metallurgy and Machine Industry, especially, the METAEXPORT foreign trade enterprise in which data for GUS are generated as a derivative of the operation of METAEXPORT's information system.

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CSO: 2600/59

OFFICIALS PRESENT BUDGET, FINANCE POLICIES

Finance Minister on Budget

Warsaw TRYBUNA LUDU in Polish, 4, 5 Dec 82 p 6

[Speech by Stanislaw Niecekarz, minister of finance]

[Text] The country's fiscal situation continues to be characterized by profound disequilibrium. Expenditures made by the nation's finance system are exceeding revenues, and this has brought about an inflationary increase in the printing of new currency issues. The national budget will wind up showing a deficit of more than 240 billion zlotys. The unbalanced budget is a reflection of the state of our economy. This is because for the past several years the national net material product has been declining. At the same time there has been a sustained high rate of growth of nominal wages and other personal incomes as well as of expenditures earmarked for nonproductive purposes.

National budget revenues will fall short of projected requirements for this year by approximately 166 billion zlotys. The most important factor contributing to this shortfall was the fact that revenues generated by taxes levied in support of the national vocational activation fund were much lower than expected.

Targets set for revenues generated by turnover taxes will also not be met.

Business enterprises paid into the national budget approximately 60 percent of the surplus of earnings over expenditures which they realized. A sum of approximately 500 billion zlotys remained at the disposal of business enterprises to pay for wage increases, social services benefits, and expansion needs. This made it possible for the vast majority of business enterprises to manage their affairs on a self-financing basis. This was accomplished through price increases through increased output or the cutting of production costs. Most of the funds which were obtained in this way were allocated by business enterprises to increased wages and, to a lesser extent, to the financing of expansion projects.

We have succeeded to some extent in offsetting the shortfalls in projected budget revenues by cutting back on expenditures. These expenditures will fall short of projected levels by approximately 80 billion zlotys.

In our work on the 1983 draft budget we have focused our attention on finding ways to maximize revenues and make budget expenditures more efficient and effective. This made it possible to submit a draft budget in which the deficit for 1983 will drop to a level of around 176 billion zlotys. This amounts to a downscaling of the deficit in relation to expenditures of approximately 10 percent for this year and not quite 7 percent for next year. We are therefore slowly moving in the direction of reducing the budget deficit and bringing the nation's finances into balance. However, the time it will take to reach this goal is being made all the longer by the enormous public pressures for increased spending dedicated to various social services objectives. Notwithstanding diverse spending cutback measures, we were forced to submit a proposal to the High Chamber calling for increased budget expenditures of more than 170 billion zlotys, that is, an increase of 7.3 percent.

Most of this increase in public spending is attributable to funds earmarked for social services and cultural programs. This category of expenditures will go up by approximately 65 billion zlotys, i.e., by about 14 percent. The implementation of the law on the formation of a cultural activities development fund will also entail a substantial increase in spending. The appropriate draft plan covering the establishment of this fund was submitted to the High Chamber together with the draft budget.

Expenditures related to plans for increasing the number of hospitals, pre-schools, and other social services facilities also play an important role. We have also taken into account increased demand for medicines in hospitals and for social security recipients. The proposed large increase in spending for social services and cultural programs is still not sufficient to meet a number of important needs, but we simply cannot afford to do more.

Capital investment outlays, which we propose to increase by 60 billion zlotys, account for a large item on the agenda of increased budget expenditures. This stems from the necessity of increasing the level of funding dedicated to national-level capital projects and capital investment projects which are important for social reasons, e.g., projects in the fields of municipal services, housing, and transportation.

There will also have to be a substantial increase in spending in order to service certain types of bank loans and make payments on low-interest loans.

Next year's budget will continue to be encumbered by large subsidies for foodstuffs, the retail prices of which do not cover procurement and processing costs. Expenditures in this category will be in excess of 190 billion zlotys. Moreover, the budget will have to be drawn down to pay out an additional 29 billion zlotys for the purchase of articles used in agriculture, including in particular mineral fertilizers, commercial fodders, insecticides, and tractors.

Large sums will also be paid out to subsidize public transportation services. Even with the fare increases which have already been announced, these expenditures will amount to more than 60 billion zlotys.

There will be a relatively slight 6 percent increase in expenditures charged to public administration services, the justice system, and national defense.

Numerous actions taken with a view to increasing budget revenues have produced results which mean that for next year we are able to propose that these revenues will go up by approximately 250 billion zlotys, i.e., by 11.6 percent.

Next year, we will have to contend with a moderate increase in the national income of from 2 to 2.5 percent and an approximate 4 percent increase in the level of industrial output. Under these conditions an increase in total revenues of more than 11 percent has to be rated as being very large indeed. Bringing about an improvement in the efficiency of business management practices is one of the crucial prerequisites for achieving this increase in budget revenues. It is our expectation that the institutional machinery of the economic reforms, during their second year of operation, will produce improved results. In order to provide stronger support for this process we are going so far as to propose an alleviation of progressive income tax rates in the higher brackets of business profitability and a system of tax credits for industrial taxpayers which initiate priority capital investment projects.

Taxes and duty charges paid by private citizens and institutions in the nonsocialized sector of the economy account for barely 1.7 percent of projected total budget revenues, but they are of great importance from a social standpoint. We will be striving first and foremost to create a system of taxation which will favor the further expansion of skilled service businesses and privately owned small-scale manufacturing. On the other hand, though, and consistent with the demands of social justice, we will mount a resolute effort to resist excessive enrichment and the building of private fortunes which are not based on the investment of a corresponding degree of personal effort.

During 1983 we intend to broaden the scope of the system for keeping records on personal incomes in order to meet the needs of the tax collection system. This is a prerequisite for the enforcement of a stable taxation policy and, by the same token, for the stabilization of the economic environment in which small businesses operate.

We have already drawn up a plan for changes in the turnover equalization tax on imported goods and we have started work on plans for the reform of the land tax collected from owners of private farms. Plans have also been made for changes in other taxes, i.e., the gift and inheritance tax, real estate taxes and rents, and revenue duties.

Right after the start of the new year limited increases will be put into effect in prices charged for certain raw materials and fabricating materials and also for freight shipment services. This will make it possible to reduce certain subsidies paid for out of the national budget.

We are also giving consideration to the necessity of introducing over the course of the next year increases in the retail prices charged for certain consumer goods and personal services. These price increases will make it possible either to increase budget revenues or to cut back on subsidies paid out for the production of scarce goods. However, the scope of these price increases will be relatively minor. The extent to which these prices are

increased should not exceed the increase in personal cash incomes so that there will be no decline in personal real incomes. Consequently, the government will make every effort to consistently oppose unjustified price increases.

Among the other measures incorporated into the draft version of the national budget mention should also be made of the previously announced increase in social security insurance contributions from the present 33 percent to 43 percent of gross wages. These funds will be used, among other purposes, to finance the proposed increases in so-called "old-portfolio" pensions and annuities and to pay for projected increases in family child-care allowances.

Only the full implementation of these proposed measures and without any further increases in budget expenditures will make it possible to reduce the budget deficit to the aforementioned level of 176 billion zlotys.

Given the present situation as outlined above, all additional claims not covered in the draft plan for budget expenditures will only be able to be satisfied on the condition that additional, realistic sources of public revenues are found.

The increase in spending by approximately 25 billion zlotys or 6.1 percent as set forth in the budget plans of local governments will undergo a further increase as a result of the allocation to voivodship governments of funds earmarked for financing teacher salary increases and the costs of opening new facilities and installations, especially in the health care services field. All of the projected local-government budget expenditures are fully covered by their own revenue sources and by matching funds to be appropriated from the national budget. In addition, local people's councils will have at their disposal larger budget surpluses than they enjoyed in previous years. These surpluses will surpass the 20 billion zloty mark. The local government budgets are therefore completely balanced, notwithstanding the general deficit borne by the national budget. There are fundamental differences in Poland's balance-of-payments situation in the two foreign currency trading zones. During 1982 there was a sustained high level of trade turnover in the foreign currency trading zone made up of the socialist countries. In this regard, deliveries of goods from the Soviet Union played an especially important role. This year will wind up with our showing a fairly significant trade surplus, and the Soviet Union has offset this trade surplus by granting Poland an additional trade credit equivalent to approximately 93 billion zlotys. This has gone a long way toward alleviating our present economic difficulties.

Next year we expect that thanks to a new trade credit from the Soviet Union we will continue to enjoy a surplus of imports over exports amounting to approximately 82 billion zlotys, and based on these projections we expect that at the end of 1983 our indebtedness to the socialist countries will amount to around 320 billion zlotys. This increased indebtedness is an indication of that fact that we must upgrade the capacity of our economy to boost its export sales to socialist country markets.

In terms of our trade with the foreign currency trading zone made up of the capitalist countries our balance of payments situation is being affected by the "credit blockade" declared against Poland. This has had an adverse

impact on output and export sales. For this reason also, earnings from export sales to the capitalist countries this year will be down by 28 billion zlotys in relation to last year. The fall off in imports has been even greater, since the approximately 130 billion zlotys worth of trade transactions we had with the West still show a trade surplus in our favor amounting to around 42 billion zlotys.

When it comes to projections for our balance of payments with the capitalist countries for next year, it has to be said that the task of insuring both a proper balance-of-payments structure and a sufficiently high level of turnover is going to be a problem of unprecedented importance. For this very reason, it is a task of the utmost importance that in 1983 we should see to it that earnings generated by export sales are increased from the 412 billion zlotys projected for this year to 470 billion zlotys. This is what we have to do at the very least.

During 1983 we expect that spending on imports will go up from the present level 370 billion zlotys for this year to 412 billion zlotys, that is, to an extent which will make it possible to make further improvements in the level of market supplies in this country and to increase the output of goods to be sold for export.

By year's end the country's foreign debt will total 2.115 trillion zlotys. Under present circumstances we are not able to bear the full cost of servicing this debt. Taking into account the debt servicing payments which will come due in 1983, the foreign debt will go up by an additional 255 billion zloty, i.e., to a level of 2.370 trillion zlotys. We are hoping that our creditors, also acting in their own best interests, instead of enforcing various kinds of trade sanctions will begin to act sensibly in working together with us to lay the kind of groundwork which will make it possible for our country to resolve its balance-of-payments problems.

We continue to express our often repeated willingness to resume talks with all of our creditors.

Under the present circumstances the draft plans for the national budget and balance-of-payments are the best we can do. They represent an effort to reconcile the severe demands thrust upon us by economic realities and the international situation with the needs to protect the living standards of our people and pave the way for future economic growth. On behalf of the government I hereby submit for your consideration and ratification the draft law on the 1983 budget and the draft resolution on the balance-of-payments.

Bank President on Monetary and Credit Policy

Warsaw TRYBUNA LUDU in Polish, 4, 5 Dec 82 p 6

[Speech by President of the National Bank of Poland, Stanislaw Majewski]

[Text] In conformity with the Statute on Banking Law--stated president of the National Bank of Poland, Stanislaw Majewski--I hereby submit to the High Chamber for its deliberation the 1983 Banking System Credit Plan together

with the following closely related documents: the Balance-Sheet Statement for Personal Cash Incomes and Expenditures and the Monetary-Credit Policy Plan.

In spite of the numerous actions taken during 1982 with a view of stabilizing the economy and notwithstanding the emergence of the first signs which might attest to the fact that we have recovered the wherewithal needed to overcome the present crisis, a state of profound economic disequilibrium still persists. The size of the money supply in the form of personal disposable income represents an "inflationary surge," the dimensions of which by the end of 1982 might be assessed at approximately 500 billion zlotys.

This year's price campaign, in spite of the significant rise in the level of prices, did not produce the desired results in terms of stabilizing the consumer goods and services market. There are two basic reasons for this. First of all, the target set by the 1982 plan for the level of personal cash incomes was exceeded by a significant margin, that is, by as much as approximately 250 billion zlotys or by nearly 8 percent. Factors contributing to this problem included the fact that the target set for the size of the wages and salaries fund was surpassed by more than 150 billion zlotys and also the fact that the target set for incomes earned from the sale of farm products to socialized-sector procurement stations was exceeded by 55 billion zlotys. Secondly, the supply of consumer goods dropped during 1982 by around 11 percent.

Another sector of the economy which finds itself at year's end in a state of severe disequilibrium is capital spending. The level of enterprise indebtedness to banks as a result of loans taken out to finance capital spending projects amounts to more than 1.4 trillion zlotys.

In spite of the actions taken during 1981-1982 aimed at curbing the over-extended "capital investment front" of recent years and at concentrating material and financial resources on the completion of those capital projects whose construction is in the most advanced stages and which promise to yield the most effective return on investment, the state of affairs in this sector of the economy as we head into 1983 continues to be highly unsatisfactory.

At year's end the level of enterprise indebtedness to banks attributable to the taking out of working-capital loans amounts to 1.7 trillion zlotys.

This high level of enterprise indebtedness coupled with the unexpectedly high profits earned by enterprises during 1982 mean that there is an over-supply of money in circulation which is not fully matched by an adequate supply of fabricating goods and consumer goods. So, this money is inflationary money which makes it possible for wages and salaries to rise at an excessive rate in relation to the ability of the marketplace to absorb this money.

The balance-sheet statement of personal cash incomes and expenditures for the forthcoming year 1983 winds up showing that projected personal purchasing power based on current incomes will exceed the projected supply of goods and services on the order 70 billion zlotys.

The fulfillment of the planning objectives incorporated into this balance-sheet statement while it was being drawn up--both in terms of incomes and also in terms of market deliveries--will prove to be very difficult. The difficulties involved might be reflected, for example, by the proposed 16 percent increase in wages coupled with the simultaneous approximately 15 percent increase in retail prices.

It is essential that we should foster an awareness of the fact that any increase in wages or social services is feasible only by drawing on the extra resources which are saved as a result of the progress made toward boosting management efficiency and reducing the social costs of production.

The banking system monetary-credit policy, the main premises of which are being submitted for your deliberation here today together with the credit plan, should be dedicated to fostering the fulfillment of those economic plan targets which favor improved efficiency and are geared toward boosting output.

The 1983 banking system credit plan provides for a 100 billion zloty increase in working capital credits for enterprises and economic organizations. These funds will be earmarked for helping enterprises to pay for increased purchases of working assets, primarily in the form of stocks of raw materials and fabricating materials which are vital to the expansion of output, but also in the form of stocks of finished products and goods in the retail trade sector.

The objectives set forth under the terms of the monetary-credit policy plan provide that banks will grant larger loans than last year only to those entities which propose to expand the production of goods or delivery of services during 1983 and demonstrate that their plans for doing so are realistic.

My preceding remarks do not mean to say, however, that in the case of organizations which are boosting production all of the financing requirements which are reported by enterprises are going to automatically warrant the approval of loans for the full amount of these requirements. A loan will be issued only to cover some of these requirements. The rest should be financed out of an enterprise's own resources. This is because the plan stipulates that only about 50 percent of the necessary increase in working capital stock will be able to be financed through the granting of loans. Any violation of this provision would therefore be tantamount to the augmentation of the credit plan deficit, and this would entail the need to print more currency without any backing.

The policy-related and practical features of credit management will of course be flexibly applied, and the preferences bestowed by banks will be closely tied to the economic and social priorities spelled out in the national annual plan. This means that producers which increase the output of products in the greatest demand will be able to take advantage of loans to finance their needs to a greater degree and at the same time receive more favorable repayment terms.

We do not intend to use bank loans to subsidize the production of goods of inferior quality, goods which do not satisfy the most urgent needs of consumers, or goods which will go unsold.

Likewise, producers which set excessively inflated prices for their goods and thereby earn high profits must expect that banks are going to refuse to grant them loans to finance their needs. A producer who earns a high profit at the consumer's expense should allocate some of this profit for the purpose of meeting production-related goals, and not just for purposes of consumption.

The speaker stressed that the scope and structure of capital investment credits are consistent with the targets set by the national annual plan. In accordance with these targets, most of the new capital investment loans to be granted, i.e., as much as 95 billion zlotys, are to be channelled into the financing of capital projects mandated at the national level, including for the most part projects in fuels and energy-producing industries and in the agricultural-food processing industry sector. In view of the high capital intensiveness of these capital projects and the long cycles involved in bringing them to completion, a large part of the loans granted for these purposes, i.e., around 65 billion zloty, exceeds the ability of enterprises to repay them. Consequently, these loans will be granted under terms that guarantee their future repayment out of the national budget.

A small percentage of the funds which banks will have at their disposal for the financing of new capital projects will be earmarked, in conjunction with significant contributions of funds from an enterprise's own resources, for the financing of priority projects, including primarily those involving the modernization and replacement of plant and equipment, dedicated to the enhancement of management efficiency and the readjustment of microeconomic structures.

Disbursements of loans provided for in the plan for the financing of cooperative housing construction projects in the amount of 130 billion zlotys have been fully correlated with building plans actually in place in this sector of the construction industry. The rise in the level of indebtedness chargeable to this account will come to 90 billion zlotys. Disbursements of loans to finance private housing construction will more than double. In connection with the rise in the construction costs of single-family dwellings the maximum amount that can be borrowed under a single loan contract has undergone a threefold increase, that is, it has gone up from 400-500,000 zlotys to 1.5 million zlotys.

Loans granted to private farmers will be used for the purchase of assets to be used in the current production year, for financing the construction of production-related buildings and also residential buildings, and for the purchase of machinery and equipment.

The granting of loans for the purchase of consumer goods will be restricted for all practical purposes to loans for young married couples. In addition, the plan calls for some increase in relocation grants and cash loans paid out to doctors and teachers who accept positions in villages or small towns.

Under the terms of the 1983 credit plan the most important source of funding to be drawn upon to provide for the increased number of loans is the increase in the amount of funds to be collected from enterprises in the socialized sector of the economy, a pool of funds amounting to an increase of 160 billion zlotys or nearly 18 percent of the total amount of available loan funds. Another important source of loan funds is the expected increase in personal savings, which is estimated to come to 100 billion zlotys. The higher interest rates paid on saving account deposits, especially so in the case of time deposits, as of January 1982 was a factor which served to stimulate the accumulation of personal savings.

Another important source of funding under the terms of the credit plan is the increase in the amount of revenues chargeable to foreign transactions, an increase which is estimated to come to 128 billion zlotys. This is a result of projected trends in foreign trade, and it is above all the result of the substantial surplus of imports over exports in trade with the socialist countries, mainly with the USSR. The level of revenues generated by foreign transactions is increasing at a rate of 5 percent, hence at a slower rate than other sources of loan funds. This means that the contribution of foreign loans to the financing of domestic needs is diminishing.

The printing of new currency is a significant source of funding for loan activity. This is reflected by the increase in the amount of currency in circulation by 110 billion zloty or by approximately 17 percent. Nevertheless, the credit plan winds up showing a deficit of 72 billion zlotys, a figure which comes close to matching the inflationary gap shown in the balance-sheet statement of personal cash incomes and expenditures. The principal reason for this is the national budget deficit, and it is expected that a loan of 176 billion zlotys will be required to offset this deficit.

The entire banking system is now faced with another task. This task consists of utilizing credit in such a way so as to provide a maximum stimulus for the increased production of those material goods which are in greatest demand and take forceful action designed to raise the level of management efficiency by maximizing the commitment of the internal financial resources of enterprises to growth processes and thereby striving to lower production costs and establish proper correlations between increased output and higher wages.

I would also like to say a few words about the problem of loan interest rates. The provisions of the plan call for the charging of uniform loan interest rates at levels no higher or lower than those which prevailed during 1982 while allowing for the possibility of granting discounted interest rates in certain areas of endeavor, such as in those to which the plan assigns a high priority or in those where work is being performed under unique sets of conditions.

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OCTOBER PRODUCTION FIGURES PUBLISHED

National Economic Situation

Warsaw TRYBUNA LUDU in Polish 17 Nov 82 p 4

["National Problems"; "October in the News of the Central Bureau of Statistics [GUS]"; "National Economic Situation"; (PAP headline)]

[Text] As already reported, October was another month of confirmation that indications of improvement have appeared in our continuing difficult economic situation. The Central Bureau of Statistics reports that the past month was characterized above all by the following phenomena:

For the third month in succession, the sold production of industry was higher than in comparable periods last year, and for the second month in a row, industrial manufacturing production has risen; since the beginning of the year a growth trend is maintained in the production of mining and small-scale industries.

Production growth was achieved with less employment; since May of the current year labor output as measured by sold production for one worker is higher than in comparable months last year.

There was a decrease in cattle and hog stock which includes piglets and gilts in particular; there was an increase in the procurement of slaughter cattle and slaughter hogs; there was a decrease in the procurement of poultry, eggs and milk.

For the first time in many months the basic production of building-installation enterprises was higher than in the comparable month last year but production during the entire January-October period of the current year was significantly lower than in the same period last year.

The commitment of investment outlay was lower than last year, the advancement of plans to grant investment for use is weak.

Despite certain improvements in the situation, implementation of annual commitments to housing construction is significantly delayed.

A high growth rate was maintained in foreign trade turnover with socialist states; export to capitalist countries appeared to approximate last year's while imports from those countries was much lower.

The monetary market situation was characterized by a further, considerable increase in the public's monetary supply.

There was no essential change in the position of internal trade--supplies covered the needs arising from state control; the lack of other articles remained constant.

Sold production of socialized industry (in constant prices) in October this year was 5 percent higher than in October of last year. Production in the mining industry increased by 10 percent; and industrial manufacturing production, for the second consecutive month, rose by 4 percent. The growth trend in small-scale industry remained constant.

Sold production in a majority of the subsectors of industry assumed a level approaching or higher than last year's. In 9 subsectors--in the coal, energy, iron work, machine, precision, chemical, building materials, paper, leather industries, a 9 percent and higher increase in production was reached. Production in the metal, wood, textile, as well as fodder and waste recovery industries was lower than in October of last year.

As compared with October of last year, there was a considerable increase in extraction of hard and brown coal, crude oil refining, production of personal automobiles, nitric and phosphoric fertilizers and paper. There was a decrease in the extraction of natural gas and the production of coke, zinc and aluminum.

In the January-October period of the current year, sold production of industry was 4 percent less than production in the comparable period of last year. Hence, the approximate level of the current year's production systematically follows the level of that of last year.

As compared with the January-October period, 1979 production was lower by 16 percent.

During the January-October period of the current year in comparison to the comparable period last year, production in the mining industry was 10 percent higher, while that of the manufacturing industry was 5 percent lower. Despite improvement in the rate of production growth in the last period, production in the iron works, electrotechnical and electronic, chemical, building materials and food industries was lower than last year. A large reduction in production continues to appear in the following industries: metal, wood, textile, as well as fodder and waste recovery. Production in the coal, energy, precision, whiteware, paper and clothing industries assumed a higher level than last year.

Sold production per one worker in socialized industry since May of the current year assumes a higher level than in the comparable period of last year;

in October of this year it was 10 percent higher. An increase in output as measured by sold production for one worker was evident in all subsectors of industry with the exception of fodder and waste recovery.

In connection with this year's January-October period, sold production for 1 worker was approximately 1.5 percent higher than in the same period last year.

In agriculture the potato harvest was completed by the end of October, and only 16 percent of the sugar beets remained to be gathered. The weather which was favorable for harvesting, hampered the introduction of winter plowing, as well as the sowing of winter crops. In conjunction with delayed sowing, in terms of the best agrotechnical time schedules, the winter crops sprouting is weak.

Since the beginning of the campaign period to the end of October of the current year, approximately 2,500,000 tons of consumer grains were gathered in the 1982 harvests; that is, over 80 percent more than in the same period last year. The plan to purchase grain for the second half of the current year was estimated at 55.3 percent.

The occurrence of a trend since the first month to limit animal breeding found confirmation in the results of the farm animal count. According to the status, at the end of the third quarter of the current year as compared with the status at the end of the third quarter last year, cattle stock was reduced by 1.1 percent, and hog stock by 2.2 percent. In socialized farming a decrease was noted in the stock of cattle and an increase in the hog herd, while in private farming growth in cattle stock remained constant but the hog herd showed a decrease. The overall decrease in the hog herd is due to a decline in the number of piglets and gilts, indicating that the stock of piglets on the socialized farm was higher than last year's, while on the private farm it was considerably (by 20.7 percent) lower. A decline in the number of gilts occurred in both sectors with a significantly steeper decline in private farming (4.9 percent and 15.1 percent respectively.)

Likewise in October of this year animal breeding continued to show an unfavorable trend. A further decline was noted in the free market prices for farm animals, with the exception of prices for piglets, which for the first time since January rose somewhat as compared with the preceeding month.

The purchase of slaughter cattle in October was 19.8 percent higher than in October of last year, with the purchase of slaughter steers practically twice as high, and the purchase of poultry five times lower. In conjunction with the January-October period, 2.1 percent less slaughter cattle were purchased than in the comparable period last year, and 2.9 percent less than in the same 1979 period.

The purchase of eggs in October was lower by 35.6 percent, and milk by 5.6 percent than purchases in the same month of last year. Since the beginning of the year 15.5 percent less eggs were purchased, while the purchase of milk remained constant.

basic production of socialized ["Building-Maintenance"] enterprises in October of the current year was 6.0 percent higher than in October of last year, but 4.6 percent lower than in September of the current year. In the January-October period of the current year it was 12.8 percent lower than basic production during the same period last year, and 34.6 percent lower than in 1979.

During the course of 3 quarters in the current year, a total cost-estimate value amounting to 107.8 billion zlotys was allotted for completion of commitments in investment type construction in the national economy, which represents 58 percent of the commitments expected to be allotted in the 3 quarter period of this year and 26.1 percent of annual commitments.

The value of investment outlays during the January-September period of the current year amounted to 538 billion zlotys, which includes an outlay of 343 billion zlotys for building-maintenance work. As compared with the same period of last year, total outlays were reduced by 22.9 percent, and by 18.4 percent for building-maintenance work.

In October of this year, socialized ["Housing Construction"] delivered 8,400 dwellings for use, which is 6.1 percent more than in October of last year. In the January-October period of this year, 22,800 fewer dwellings (21.4 percent) were delivered for use than in the same period of the past year. Annual commitments outlined in the government program were 57.9 percent realized.

In private construction during the January-October period, 27,800 dwellings were delivered for use, that is 38 percent more dwellings than in the same period last year.

Freight transport in ["Socialized Transportation"] amounted to 92.7 million tons and was 7.7 percent less than in October of last year, with an 0.5 percent increase in rail transport and a 13.2 percent reduction in auto transport; transshipment in trade seaports was higher by 14.1 percent than last October, being composed of a triple growth in transshipment of coal, coke, as well as an increase in the transshipment of ore and other bulk goods.

For the January-September period of this year, socialized enterprises (excluding agricultural) achieved favorable net earnings approaching 956.6 billion zlotys; this represents the balance between profit in the sum of 1080.9 billion zlotys attained by 11,389 enterprises (97.1 percent of total enterprise) and losses sustained by 339 enterprises in the amount of 124.3 billion zlotys (2.9 percent of total enterprise). Enterprise profit was subject, among other things, to income taxes in the amount of 567.6 billion zlotys, as well as the payment of the sum of 9.3 billion zlotys to the National Vocational Activation Fund.

Related obligations of enterprise for the benefit of the national budget arising from income and turnover tax claims, wage fund, real estate, National Vocational Activation Fund [PFAZ] payments, as well as other claims

associated with the distribution of accumulation amounted to 1318.7 billion zlotys.

Large scale subsidization of enterprise with funds from the national budget continues to remain constant, which results from setting many official and regulated prices lower than the level of manufacturing costs. Surcharges from the budget in the function of enterprise, amounted to 582.8 billion zlotys during the course of this year's 3 quarters, which included 289.7 billion zlotys for industry, mainly enterprises comprising the milk, meat, milling, hard coal and metallurgical industries. Railway transportation, urban communication and the municipal economy were highly subsidized.

In foreign trade, in October of the current year as compared with October of last year, exports (in current prices) increased by 13.2 percent; whereas imports declined by 7.7 percent. During the January-October period exports were 6.4 percent higher, while imports were 12.4 percent lower than in the comparable period last year.

In the balance of trade with socialist states, exports amounted to 40.9 billion zlotys in October, while imports came to 43.1 billion zlotys. In comparison with October of last year, exports increased by 32.3 percent, while imports increased by 6.8 percent. During the January-October period of the current year, exports to socialist states amounted to 384.3 billion zlotys, while imports from those states came to 417.3 billion zlotys; that is, more than in the corresponding period of last year by 16.2 percent and 2.9 percent respectively. An unfavorable balance of trade with socialist states increased by the sum of 33 billion zlotys and was more than twice lower than in the 10-month period of last year (by 41.8 billion zlotys).

Exports to capitalist countries amounted to 32.6 billion zlotys in October of this year, while imports from those countries was 24.7 billion zlotys; that is, 1 percent and 25.4 percent less than in October of last year respectively. During the January-October period, exports amounted to 344.0 billion zlotys, while imports came to 249.1 billion zlotys. As compared with the same period last year, exports were lower by 2.7 percent, while imports were down by 29.9 percent. The balance of trade with capitalist countries during the 10-month period of the current year was favorable and came to 94.8 billion zlotys (during the same period last year the balance was unfavorable and amounted to 1.6 billion zlotys).

In October of this year, 80 more enterprises received authorization to take advantage of the foreign exchange alleviance from exports to second payments area [capitalist countries]. In conjunction with this state, by the end of October, 1256 enterprises took advantage of these authorizations, accumulated 263.5 million U.S. dollars in their foreign exchange accounts and applied 85.8 million U.S. dollars to imports.

Average employment in fundamental sectors of the socialized economy--in industry, construction, transportation and communication, as well as trade--was lower in October of this year by 357,200; that is, 4.4 percent than in October of last year. As compared with September of this year, average

employment in October of this year was higher by 28,200, including industry by 28,500, and construction by 1,600; in transportation and communication, as well as in trade, employment declined by 2000 and 1700 respectively.

Personal emoluments together with workers compensation in basic sectors amounted to 93.0 billion zlotys in October of the current year and were higher by 43.5 percent than in October of last year. Emoluments increased by 45.9 percent in industry, by 36.7 percent in construction, by 31.3 percent in transportation and by 59.4 percent in trade.

The average wage with workers compensation (without compensation for members of the family) amounted to 12073 zlotys in basic sectors of industry, construction, transportation, communication, as well as trade; and increased in comparison to October of last year by 4034 zlotys, that is by 50.2 percent. The average wage with workers compensation increased by 53.5 percent in industry, by 44.4 percent in construction, by 37.2 percent in transportation, by 37.9 percent in communication, and by 61.3 percent in trade.

Total personal income in October of the current year amounted to 328.0 billion zlotys and rose by 61.7 percent as compared with October of last year. Emoluments for work together with workers compensation increased by 46.2 percent, and social services, likewise with compensation by 169.9 percent. Personal income by virtue of the sale of farm products to the units of the socialized economy were higher by 37.6 percent.

Personal expenditures in October of this year amounted to 275.9 billion zlotys and rose in comparison to October of last year by 62.7 percent, which includes expenditures for the purchase of goods by 73.9 percent.

In October of the current year, personal resources increased by 52.1 billion zlotys, including investment savings by 11.8 billion zlotys and cash resources by 40.3 billion zlotys.

Retail sales of goods through units of socialized economy in October of this year approached 251.3 billion zlotys and increased in terms of current prices by 86 percent, as compared with October of last year.

Comparable retail sales prices in October of this year were lower by approximately 14 percent, than sales in October of last year, including nonfood products by approximately 23 percent, and food by approximately 13 percent. However, the sale of alcohol increased by approximately 37 percent.

Market conditions for food products did not undergo any essential change in October of the current year. The provision for articles covered by regulation filled the needs arising from ration cards distributed.

The diversified structure of meat supplies and meat products was unfavorable. In conjunction with reduced purchases, the supply of eggs was unsatisfactory.

The supply of nonfood products in the market place did not experience any real improvement.

The cost of living in September of this year maintained a level approximating that of August of this year, which among other things, was attributed to a decrease in the cost of potatoes, fruit and vegetable on the one hand, and an increase in the cost of eggs, confectionery products and certain industrial articles on the other hand. The cost of living index for families of workers employed in the socialized economy amounted to 100.5 percent in September as compared with August.

As a result of introducing an increase in retail prices for food, alcoholic beverages, nonfood products and services from October of last year to September of this year, the cost of living in the 3 quarters of the present year as compared with the same period last year increased from approximately 104 percent in families of workers employed in socialized economy to 114 percent in families of retirees and pensioners. The increase in the cost of living was not completely offset by an increase in personal income. Income for families of workers employed in socialized economy increased by approximately 50 percent, but because the cost of living of this segment of the population rose by approximately 104 percent, the application of these indices indicates that the real income of families of workers decreased by approximately 26 percent.

Economy in October

Warsaw ZYCIE GOSPODARCZE in Polish No 44, 21 Nov 82 p 7

[Material supplied by the General Bureau of Statistics: "October Economics"]

[Text] The value of sold production in socialized industry was 5 percent higher in October than it was last October. As compared with 1979, however, it was approximately 12 percent lower. Production growth since August of this year, in comparison to last year, appears to be approximately 2 percent in August, and approximately 4 percent in September. To a certain degree, this data is in the nature of an estimate. This arises from the difficulty in calculating production in the individual months of 1981 in terms of 1982 prices, as well as additional problems associated with the acquisition of comparable, diversified structures of production and classification profiles.

The growth of sold production was calculated in all subsectors of industry, except the metal, textile, fodder and waste recovery industries. A significant increase in production--by more than 10 percent--occurred in the coal, energy, machinery, precision, building materials, paper and leather industries.

Despite a certain increase in recent months, the sold production of industry included in the January-October period of the current year was still smaller,

however, than in the same period of 1979 and last year by 16 percent and 4 percent respectively. Production in the mining industry increased by 10 percent as compared with the comparable period of last year, whereas production in the manufacturing industry was lower by 5 percent. In only a few subsectors of the manufacturing industry: the machinery, precision, whiteware and clothing industries, production for the January-October period of this year assumed a level similar to or somewhat higher than last year's.

From data on the production of more important products in natural units in October of this year as compared with October of last year, it appears that the mining of hard coal increased by 13.5 percent (for the 9-months period by 16.6 percent); soft coal by 15.4 percent (during the course of 9 months by 4.1 percent); the production of coke from hard coal was lower by 3.1 percent (by 4.6 percent for the January-October period); there was 4.2 percent less natural gas produced in October and 11.8 percent less for the 10-month period; the processing of crude oil in the first instance was higher by 12.8 percent, while it was lower by 2.8 percent in the second; the production of electrical energy in the first instance was higher by 6.0 percent, and 7.0 percent in the second; electrolytic copper--plus 4.2 percent and plus 5.2 percent; zinc--minus 7.8 percent and minus 4.6 percent; aluminum--minus 32.4 percent and minus 37.7 percent; personal automobiles for general purposes--plus 35.9 percent and minus 16.8 percent; farm tractors--plus 5.6 percent and plus 3.2 percent; nitric fertilizer--plus 10.5 percent and plus 0.2 percent; phosphoric fertilizer--plus 12.7 percent and minus 1.9 percent; cement--plus 56.7 percent and plus 6.1 percent; paper--plus 36.2 percent and plus 3.2 percent; sugar--plus 3.0 percent and minus 10.4 percent (the sugar campaign started later than last year).

Average peak evening demand for electric power in October of this year amounted to 17,400 megawatts and was lower than the October demand of last year by 600 megawatts, that is by 2.2 percent. There were no restrictions on consumers because of a power shortage. The production of electric energy assumed a 6.0 percent higher level than that of last year, which includes a 5.9 percent increase in regular power stations.

As a result of shortages in the supply of technological materials, especially from imports, September production was curtailed in 233 enterprises, from a total number of 3,500 national industrial enterprises in 8 basic ministries. This was apparent mainly in the temporary limitation on use of production facilities (in 191 enterprises), as well as in permanent or partial suspension of production in enterprise for no shorter period of time than the end of the current year (in 42 cases). According to enterprise estimates, as a consequence of reasons given above, the value of sold production of socialized industry decreased in October by approximately 2.9 percent. A decrease in employment by virtue of this limitation on production was insignificant and comprised only about 30,700 individuals, representing 0.02 percent of employment in national industry.

Likewise, in the remaining subsectors of the material sphere outside of agriculture, a comparison of data for October 1982 to October of last year indicates in declining trends.

In building-maintenance enterprises, for the first time in many months, there is evidence of growth in basic production by approximately 6.0 percent in comparison with the comparable period of last year; on the other hand, this production in the 10-month period still continued to be lower by nearly 13 percent.

It is estimated that in the 3 quarter period, investment outlays generally decreased in comparison with the comparable period of last year by 22.9 percent, which includes building-maintenance projects by 18.4 percent. During this period a total cost-estimate value of 107.3 billion zlotys was allotted for the promotion of construction investment commitments, which represented 58.0 percent of the commitments (calculated in cost-estimate value) with completion anticipated during the course of 3 quarters.

Since August, socialized construction delivered more dwellings for use than in the comparable month last year--in August by 13 percent, in September by 6 percent, in October by 6 percent. However, since the beginning of the year, only 58 percent of planned annual housing construction was completed. Similarly, in the January-October period of this year more than 21 percent less dwellings were delivered for use than in the comparable period of last year.

In socialized transportation the transport of freight, as compared with the comparable period of last year, was lower during the 9-month period by 15.6 percent, and in October by 7.7 percent; included are the Polish Railways [PKP] where it was lower by 2.2 percent in the first instance, but higher in the second by 0.5 percent. In public and subsector automobile transportation, a decline in transport in the 9-month period amounted to 24.1 percent and 13.2 percent in October.

Employment in four basic subsectors of the socialized economy (industry, construction, transportation, communication, as well as commerce) in October of the current year amounted to 7.7 million people, and in relation to October of last year it was lower by 4.4 percent, while in comparison with September of this year it was higher by 28,200 persons.

At the same time employment plants reported their further need of a great number of new workers. The number of employment offers, at the disposition of employment bureaus, amounted to 280,400 according to conditions at the end of October of this year and was lower in contrast with September of this year by 1,600 (0.6 percent). In October of this year regional employment services registered 13,300 persons in search of work (16,000 persons in September of this year).

The status of agriculture is likewise complicated. Actual estimates indicate that this year's grain harvests are larger (21.2 million tons, which means 0.2 million tons more than last year's harvest), as well as fruit (1.9 million tons, which means an increase of 36 percent over last year). As for the remaining agricultural products, harvests are lower in contrast to last year from 25 percent to 10 percent. To a comparable extent they are likewise lower than average harvests in the years 1976-1980. Having a bearing on this

were periodic unfavorable atmospheric conditions (drought), and also deficiencies in the means of production (chiefly mineral fertilizers and the means of plant protection).

According to initial estimates in the agricultural year 1982-1983, related supplies of grain, potatoes and protein food purchased from private economy is assessed on a lower level by 8 percent than last year, and by 9.3 percent less than the average of the past 5 years (1977/1978--1981/1982.) Including the following:

Grain and potato harvests jointly on a lower level by 7.2 percent than previous years and by 3.3 percent lower than the average of the past 5 years;

Purchases of protein food--1.3 million tons, that is by 0.5 million tons (by 27.3 percent) less than past years and by 1.7 million tons (by 56.2 percent) less than the average of the past 5 years.

It is necessary to add to this, that during the period of the first 3 quarters of this year, approximately 3 million tons of grain seed and milled products, as well as 0.6 million tons of bruised grain and oilcake; in the first instance less by 46.2 percent in comparison with the comparable period of last year and by 67.6 percent in the second.

Analogous with limitations on the fodder supply, one can observe the growth of a declining tendency in the breeding of animals to which we have already drawn attention 2 weeks ago (vid. ECONOMIC LIFE [ZG] No 42 "Let Us Rescue the Farm Animals").

In the procurement of slaughter cattle, we most likely in the approaching months will not yet feel the full consequences of declining trends in the breeding stock of hogs and cattle. Porkers and piglets constitute a relatively rather large segment of the hog inventory. This will probably make it possible to attain a supply of slaughter hogs for procurement in the fourth quarter of this year and also in the first quarter of 1983 on a level approaching that of last year.

October data reveals that the procurement of slaughter livestock was higher by 20 percent than in October of last year, with beef livestock almost twice as high. On the other hand, the procurement of poultry was 80 percent lower, eggs more than 35 percent, also the procurement of milk was lower by 5 percent. The larger procurement of livestock in the last period has not yet offset the decline since the beginning of the year. In the January-October period of the current year, 2 percent less livestock was purchased than in the same period last year and approximately 30 percent less than in 1979.

October data on the fluctuation of free-market grain and fodder prices unfortunately portend further unfavorable trends for animal breeding. Most of the grain and fodder, other than potatoes, was sold in free market transactions between farmers from 2 percent (rye) to 6 percent (clover hay) higher than in September of this year. As compared with September of this

year, milch cows rose by 2 percent, 1 year old heifers by 1 percent, work horses by 2.6 percent and 1 year old colts by 2.7 percent. However, the price of piglets rose slightly (by 4.6 percent). But their cost in October of this year amounting to 1672 zlotys was lower in comparison to October of last year by 51.9 percent. In October of a year ago, piglets cost 2878 zlotys. Everything, therefore, indicates that a sharp decrease in the inventory of the herd cannot be avoided in the period from the second to the fourth quarter of next year. However, not only the hog herd is threatened. Likewise disturbing is the decrease in cattle prices in October of this year as compared with September of this year. We will attempt to provide broader information in separate publications on the status of the money-market in foreign trade, as well as the finances of enterprise after the third quarter.

(1) Wykaz poglądów	(2) Liczby bezwzględne			
	I	I-X	I	I-X
			X-100	/I-X/-100
(3) Produkcja sprzedana w przemyśle uprzemysłowionym w bilionach zł	0,50	5,31	105	96
(4) Wydatki inwestycyjne /na trzy kwartały/ w bilionach zł	•	0,54	•	77,1
(5) Przewidywane zatrudnienie w interesach działalności w gospod. społecznej w mln osób	7,74	7,72	95,6	95,0
(6) Przewidywane płace miesięczne /z rekompensat/ w przemyśle uprzemysłowionym w zł	12 821	11 486	153,9	151,9
(7) Stopa żywnościowego ogółem w mln ton	0,15	1,96	119,8	97,9
(8) Stopa mleka w mln l.	0,03	0,09	94,4	100,1
(9) Stopa jaj w mln szt.	0,14	2,66	64,4	84,5
(10) Przychody pieniężne ludności w bilionach zł	0,33	2,70	161,7	160,4
(11) Wydatki pieniężne ludności w bilionach zł	0,28	2,38	162,7	162,7
(12) Sprzedaż detaliczna towarów w bilionach zł	0,09	2,11	185,8	174,7
(13) Eksport ogółem w mln zł	722,3	73,4	115,2	106,4
w tym do I obszaru (13a) płatniczego	353,9	37,9	130,5	114,7
w tym do II obszaru (13b) płatniczego	373,0	35,6	102,3	99,6
(14) Import ogółem w mln zł	646,4	67,7	92,3	87,6
(14a) w tym z I obszaru płatniczego	309,7	40,3	105,8	103,1
(14b) w tym z II obszaru płatniczego	336,7	27,4	77,7	72,3

Key:

1. Item
2. Absolute value
3. Sold production in socialized industry in a million millions of zlotys
4. Investment outlays (for 3 quarters) in a million millions of zlotys
5. Average employment in four subsectors of the socialized economy in millions of people
6. Average monthly salary (with compensation in socialized industry in zlotys)
7. Total procurement of slaughter livestock in millions of tons
8. Procurement of milk in billions of litres
9. Procurement of eggs in billions of units
10. Personal income in a million millions of zlotys
11. Personal spending in a million millions of zlotys
12. Retail sale of goods in a million millions of zlotys
13. Total exports in billions of zlotys
- 13a. includes first payments area [socialist countries]
- 13b. includes second payments area [socialist countries]

- 14. Total imports in billions of zlotys
- 14a. includes first payments area [socialist countries]
- 14b. includes second payments area [socialist countries]

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CSO: 2600/94

PROBLEMS FACING IRRIGATION, LAND IMPROVEMENT EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 43, 29 Oct 82 pp 13-14, 31

[Article by Prof Dr Docent Vlad Ionescu-Sisesti: "The Fulfillment of the Irrigation Program and the Securing of the Proposed Production Increases"; passages enclosed in slantlines printed in boldface]

[Text] In accordance with the objectives of the new agrarian revolution and the measures adopted by the party and state leadership for developing and modernizing the technical-material base of agriculture, /a vast land-improvement program/ that is meant to reduce to the utmost the dependency of agricultural production on uncontrollable natural factors is being carried out in the current stage. The program has in view: the as full utilization as possible of the production potential of the soil in areas with a shortage of precipitation, through irrigation work; the complete utilization of land with excess moisture, through drying and drainage work; and the reintroduction of eroded land into the normal production circuit, through work to combat erosion. Work to make use of floodable, saline land, of sand and so on is also in view.

The effects of the land-improvement work are obvious for the national economy, but they are not on a par with the efforts made--and this is due to several reasons, including, as Comrade Nicolae Ceausescu pointed out at the recent plenum of the RCP Central Committee, the ignoring of a basic principle: /the doing of the land-improvement work in combination/. That is, irrigation work together with work to combat excess moisture; damming work with drainage and drying work, but also with irrigation; watercourse-regulation work with work to combat erosion on slopes; irrigation work with leveling work; and land-improvement work on the agricultural perimeter with work of water management and of torrent control in the forest reserves.

The secretary general of the party has drawn the attention of the party and state bodies, the agricultural bodies and the competent ministry to acting energetically so that each county may possess the technical means, the personnel and the plans needed for carrying out the programs for land improvement--irrigation, drying and reclamation. "As early as this year, let us establish the suitable measures and provide everything that is necessary for implementing them. As early as the fall of this year and in winter, we will have to carry out an intense activity in this important sector of land improvement."

Referring to /irrigation work/, which has the biggest percentage in terms of area of the agricultural territory and in terms of financial effort, it raises three main problems:

The providing of the water resources for irrigation;

The maintenance of the production capacity of irrigated soil;

The recovery of the additional investments, through production increases in comparison with the unirrigated areas.

These are problems that are now confronting our irrigated agriculture, which has an area of over 2.4 million hectares (approximately one-fourth of the total arable area). In the not too remote future, when irrigation will extend over 5 million hectares--that is, half of the arable area--the confrontation will undoubtedly be more serious. Within the term of this prospect, we have an interval a little longer than a decade, probably sufficient for the utilization of the irrigable potential of the country to occur at the time when the above-mentioned problems have already been solved.

The Providing of the Water Resources

The limited character of the resources of fresh water and the rapid growth of the consumption in a human society in the midst of development are elements symptomatic of growing water shortages. If it is considered that agriculture consumes three-fourths of the total need, the finding and exploitation of the means of reducing this consumption represent the main way to prevent the onset of a water crisis.

There is another way to prevent such a crisis: the utilization of waste water (whose volume registered tremendous increases in recent years, from 3.1 billion cubic meters of waste water evacuated into natural outlets in 1970, to over 7 billion cubic meters in 1980) for irrigation. We are referring, first of all, to urban waste water, then to the industrial waste water from starchmaking, from the flax- and hemp-retting shops, from the nitrogenous-fertilizer plants and from other industrial processes, as well as to the waste water coming from the complexes for industrial breeding of animals, especially pigs. The reintegration of this waste water into the environment in the form of irrigation water constitutes the main way to eliminate the effects of environmental pollution (with the agricultural soil fulfilling the role of a purifying agent) but, at the same time, a significant additional resource of water and of fertilizing elements for agricultural crops.

Returning to the problem of reducing the consumption of water in irrigated agriculture, either as conventionally cleaned water or as waste water, it is necessary not only due to the limited reserves but also for other reasons just as important, which involve both the production capacity of the soil subjected to excess moisture or excess salt (in the case of waste water) and the economic efficiency of the irrigated crops, as a result of the reduction of the production expenses.

The main ways to reduce the consumption of water for irrigation consist of: the reduction of the losses during transportation and during the irrigation process; and the reduction of the need for irrigation water per unit of cultivated area, by means of the water reserves stored in the soil.

/The reduction of the water losses during transportation and during the irrigation process/. The losses during transportation from the source to the cultivated land can attain incredibly high values. Cases are cited when over 60 percent of the water

extracted from the source is lost in canals through infiltration, and in the case of unlined dirt canals, losses of 50 percent are frequent. The water seeping into the earth in the area of the transportation canals causes the water table to rise, with disastrous consequences for the soil due to the onset of the processes of salinization or swamp formation. Such processes of an anthropogenic nature are already noted in the country, in some big irrigation systems (Stoenesti-Visina, the Calarasi Terrace, the Braila Terrace and so on), affecting areas of hundreds or thousands of hectares.

Do these phenomena constitute an inevitable consequence of irrigation? Absolutely not! This is a problem that arises only in the design solutions and especially from the quality of the execution of the land-improvement work. In this regard, the recently prescribed modernization work has in view the waterproofing of the irrigation canals.

Big losses of irrigation water occur even during the irrigation process, either through evaporation into the air or through leakage into the surface of the land or through infiltration below the root layer. These losses, evaluated at 10-30 percent of the volume of water distributed on irrigated land, can be reduced substantially along with the improvement of the irrigation installations or through the improvement of the water techniques. The steps taken recently within the irrigation systems also have in view the reduction of these losses.

/The reduction of the need for irrigation water per unit of area, by means of the water reserves stored in the soil/. The problem consists of finding and using the means of capturing in the soil all the water coming from precipitation and, at the same time, the means of preventing the loss of the accumulated water.

These means are part of the system of agriculture in arid areas lacking sources of water for irrigation. The system (initiated in the United States and called "dry-farming")--a forerunner of the system of irrigated agriculture--was practiced with great success on the Baragan Steppe in the 1935-1965 period. Following precise rules for combating drought, good or even very good yields were obtained by using without any waste the limited quantities of precipitation. The now classic example of the record wheat output--unknown until then in Romania--of 4,300 kg per hectare at the Ispirescu Agricultural Research Station in 1938, with a precipitation of 375 mm, is cited.

In the system of irrigated agriculture, it appears necessary, paradoxically, to apply the rules of the dryfarming system, which have the effect of providing for the plants a bigger quantity of water from the natural reserve and, in consequence, of requiring smaller quantities of irrigation water. In other words, the supplementation with irrigation water should be done only after all the natural resources storable in the soil have been exhausted.

/Shelterbelts planted with forest species/ constitute one of the main measures of the dryfarming system, one absolutely necessary on land with irrigated agriculture. They reduce the speed of the wind, causing the snow to fall on agricultural land and, at the same time, preventing the loss of water through evaporation.

Hundreds of kilometers of shelterbelts were created on the Baragan Steppe and in Dobruja, 30-40 years ago, with very good results for water management in the area.

later, along with the construction of the big irrigation system, they were removed. In our opinion, a mistake was made--one that should be corrected in order to save irrigation water.

Another category of measures in the dryfarming system refers to /soil cultivation/, which must be done in such a way as /to keep the soil "open"--that is, capable of receiving the entire quantity of precipitation--and, at the same time, "closed"--that is, to not allow the stored water to be lost through evaporation or through evapotranspiration in weeds/. From this latter viewpoint, perfect crop maintenance is a measure of the dryfarming system and, at the same time, a measure of irrigated agriculture, since a weed-infested crop will suffer from dryness, even under the conditions of a very correctly applied irrigation policy.

Another way to reduce the need for irrigation water is /to exclude from irrigation the land with a phreatic contribution/. On this land, the increase obtained through irrigation is small and thus uneconomical. Irrigated agriculture practiced under these conditions becomes unprofitable and, consequently, irrigation appears to be an irrational measure. The irrigation of phreatically moist land can be considered, at least in the current stage, a luxury.

The Maintenance of the Production Capacity of Irrigated Soil

Occasionally, after a certain period of time (sometimes even after a few years) and without any cause apparently connected with a change in the plant-growing technology, the yields on irrigated land begin to decline. The declines can be almost imperceptible or steep, they can stop at high or low levels or the yields can be spoiled completely. In this last case, the soil has lost its production capacity for a long period of time.

The causes of a reduction or loss of the production capacity of the soil under conditions of irrigation are many and varied, but all of an anthropogenic nature, as a result of the errors committed in the practice of irrigated agriculture.

The main phenomena that cause the reduction or loss of the production capacity of irrigated soil are: the reduction of permeability, the decline of the humus content, the leaching of nutritive salts, the erosion of the arable layer, and salinization and swamp formation. We will refer below to just two of these causes.

The decline of the humus content/. Favorable moisture in irrigated soil intensifies the activity of the microorganisms, so that the process of humus mineralization occurs at a rapid rate, which almost always exceeds the rate of humus formation from plant remains. Since the humus balance in irrigated soil is usually negative, with the deficiency of organic matter being felt, it is necessary--as a basic rule of irrigated agriculture--to restore the supply of humus. This can be done through different means that rational agronomical practices possess.

Referring to the use of organic fertilizer, which represents the basic means of adding organic matter to the soil, two particular aspects should be mentioned.

First, /a marked shortage of farmyard manure is being felt in the country/, although the animal populations are much greater than in the past. The explanation lies in the very uneven distribution of this valuable byproduct over the territory. Immense

production of excrement, with a high capacity for environmental pollution, but very valuable as organic fertilizer, are evacuated daily from the industrial-type breeding complexes. However, it is usable only in a limited area around the complexes, due to the difficulties in transportation.

Second, the problem of /the degree of fermentation of this fertilizer at the time of incorporation into the soil/ is raised. Recent research has demonstrated that the incorporation of fresh farmyard manure, of raw sludge from the purification stations at the animal-breeding complexes and of undecomposed plant remains (straw, stalks, sunflower stems and so on) into the soil causes intense processes of aerobic fermentation, which also involve in decomposition the humus in the soil, mineralizing it to a considerable extent. It follows that /the organic fertilization of irrigated soil should be done only with organic matter fermented in advance/.

On the basis of the results of research done recently in the country, the step of composting on platforms all the organic materials meant for fertilization of the soil is recommended. It is necessary to take into account not only the organic waste from agriculture but also the domestic waste evacuated and stored on the periphery of the urban centers, as well as the organic sludge obtained in the purification stations (at the urban centers, of industrial enterprises and of the animal complexes). The transformation of these products--with minimal value or without value--into concentrated organic fertilizer for agriculture, through composting controlled by means of biopreparations, constitutes an invaluable reserve for restoring and maintaining the fertility of irrigated soil. The compost, whose chemical composition is very close to that of humus, can be obtained in composting stations--true biological factories--placed near the sources of organic waste. For instance, on the periphery of the city of Erdena, over 1 million tons of organic waste, coming from animal husbandry, from local industry and from the city's sanitation system, are obtained annually in a range of about 10 km. It should be specified that the first loads of compost from the sludge from the purification stations of the pig-breeding complexes, which met the requirements for high-quality organic fertilizer and which can replace chemical fertilizer, both on arable land and in vegetable hothouses, easing the burden on industry, were obtained in 1976.

Salinization and swamp formation on irrigated land/. The annual shortage of moisture in the irrigable area of the country varies between 150 and 450 mm, a quantity that is supplemented through irrigation. Taking 300 mm as an average figure for the shortage of moisture (that is, a need for irrigation water in the form of a layer of water with a depth of one-third of a meter) and relating it to the actual irrigated area of 7.4 million hectares, a volume of about 7.8 billion cubic meters of water results. This is the volume of irrigation water that, in the current stage, is actually distributed on the area set up for irrigation each year. On the 3 million hectares that represent the irrigable potential of the country, the volume of irrigation water distributed annually will amount to about 18 billion cubic meters.

The figures speak for themselves. Definite changes are occurring in the balance of the natural factors on this vast area, with the anticipated favorable effects, which derive from optimum satisfaction of the need for water for agricultural crops. However, the disruption of the balance of the natural factors is also causing unfavorable effects that can get out of control. We are referring to the possibility that, under the influence of the big quantities of water entering the soil, the water table may rise, creating conditions for a predisposition toward the processes of secondary

salinization or swamp formation. In various parts of the world, secondary salinization, this terrible calamity, contributed to the destruction of flourishing civilizations in ancient times, reduced the productivity or even took millions of hectares of irrigated land out of production.

Given the seriousness of the phenomena of this kind, which are occurring even now in some parts of the world, the problem of preventing secondary salinization and swamp formation on irrigated land is concerning the scientific forums and international organizations more and more. One notes a series of international conferences and symposiums, organized under the auspices of the FAO and UNESCO, which managed to establish the genesis of the phenomena and to distinguish the modern technical possibilities of stopping these processes harmful to the fertility of irrigated soil.

A phenomenon which is occurring now and which can become worrisome is the general rise of the water table. The observations made in the irrigation systems and the studies for forecasting the water table in various areas in the southern and south-eastern part of the country indicate the prospect of reaching the critical depth of salinization, considered about 2 meters, in 10-15 years in all areas where the initial water table was not lower than 8-10 meters.

Of course, not only irrigation but also other causes explain the rise of the water table in the southern half of the country. One of them--by no means negligible--is the worsening of the natural drainage as a result of different natural or entropic phenomena: the very slight rise in the level of the ocean, due to the increase in the melting of glaciers; extremely slow tectonic movements plugging up the continental platform in the northwest and southeast directions (near the ancient city of Histria the level of the Black Sea has risen 4 meters in two millenniums); and the damming of the Danube's flood plain. Another cause, but with a temporary effect, was the series of rainy years in the 1970-1980 period, which led to massive rises of the water table. Another cause (which has already been mentioned), produced by the existence of the irrigation systems, but not by irrigation in itself, consists of the enormous losses of water through infiltration in the water-supply canals. They can and must be stopped completely by means of waterproofing work.

Regarding irrigation in itself, it can influence the position of the water table only in the case of hydromorphic soil (boggy areas), with ground water at 0.8-3 meters, or in the case of phreatically moist soil, in which the capillary fringe reaches the root layer. In phreatically moist soil, irrigation water applied even in moderate quantities involves the lowering of the water table (seasonal variations), with the plants being supplied with water only from the layer moistened with irrigation water. In eutimorphic soil, with the water table lower than 3 meters, irrigation water distributed correctly on cultivated land does not seep down to very great depths and does not cause the water table to rise.

Modern technology possesses an effective body of means for preventing a rise of the water table. It is of great importance to prevent this rise and, if it cannot be avoided, to intervene promptly, before the critical level of salinization is reached. The combating of secondary salinization is more difficult and more costly than preventing it.

The Recovery of the Additional Investments Through Production Increases

The work of setting up for irrigation proposed on agricultural land and for agriculture's benefit must be justified economically. In calculating the profits resulting from the introduction of irrigation, it is necessary to start from the optimum level of unirrigated agriculture--the foreseeable level, not the real one--and to compare it with the average level of irrigated agriculture--the real level, not the foreseeable one. According to this method of calculation, one would obtain a realistic picture, which would permit first the still unused reserves in unirrigated agriculture to be exhausted, to which the advantages of irrigated agriculture would be added, as they result from the existing facilities, the degree of training of the personnel and so on.

In order to achieve /an efficient yield from an economic viewpoint/, two conditions are necessary: first, /the yield must not fall below a certain lower limit/ (for example, 7 tons per hectare for corn) and, second, /the difference in production between irrigation and nonirrigation must start from the minimum difference/ (for example, at least 3 tons per hectare for corn). This second condition demonstrates that in rainy years irrigated agriculture is slightly or not at all efficient.

In view of the small amount of manpower in agriculture, /total mechanization of the exploitation of irrigation/ seems to be a sine qua non. The intensification of the degree of mechanization, on which the production level and the economic efficiency in irrigated agriculture depend, must be achieved concomitantly with the diversification and improvement of the irrigation installations.

In the above, we tried to depict from as objective an angle as possible the main problems that now confront irrigated agriculture. At the dimensions of the irrigated agriculture of tomorrow, however, the details, symptoms and trends of today can become larger realities, if all the necessary steps are not taken at the same time. The conception and fulfillment of the land-improvement program must take this imperative into account at every moment.

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INCREASE IN SAVINGS BANK ACTIVITY RECORDED

Bucharest REVISTA ECONOMICA in Romanian No 43, 29 Oct 82 p 16

[Article by E. Ionescu, director in the Savings and Loan Bank Central: "Saving at the Savings and Loan Bank - An Efficient Way of Using and Putting to Use Personal Income"]

[Text] During the years of socialist construction, the Romanian people have made giant steps along the path of economic development and of transforming Romania from a backwards country with primarily an agrarian economy into an industrial-agrarian country with a powerful industry and a developed agriculture that is in full progress.

On the basis of the development of the forces of production, there has been a continuing growth in the material and spiritual well-being of all the people. In the last three decades, the real income of the workers has increased more than four times over, a fact that has also brought about, among other things, an increase in the sales of goods by 15 times over. At the same time, there has been an increase in the level of supplying the people with durable goods and, especially, with televisions, refrigerators and private cars. At the same time, during this period approximately 4.6 million housing units have been built so that approximately 70 percent of the country's population has come to benefit from these new units.

One field in which all these remarkable results have been reflected in a positive manner is that with regards to savings activities at the savings and loan banks.

Some of the data brought out in the review of the savings and loan bank (SLB) activities shows the systematic broadening of the opportunities for savings for the workers in the cities and villages. Today, the people have 14.2 million savings passbooks, an increase of 600,000 compared to September 1981, totaling 865 passbooks per 1,000 persons compared to 846 per 1,000 in 1981. In urban areas, the number of savings passbooks exceeds the number of residents, with 1,296 savings passbooks per 1,000 persons. Another telling indicator of the permanent evolution of savings activities is also, without a doubt, the general balance of the people's savings deposited at the SLB's, which, during the period September 1981 to September 1982, increased by 4.4 percent.

In close agreement with the requirements and demands of the workers, the SLB introduced diverse savings instruments whose specific advantages are determined

either by the manner in which interest and earnings are granted or by the manner of making deposits and withdrawals. The people can save their money through eight types of savings passbooks for personal savings accounts in SLB interest accounts. Deposits can be made in cash or through allotments on the basis of written approval. The system of making deposits through allotments offers numerous advantages for the depositor since, in this manner, it ensures effective service, even at places of work in enterprises, institutes, work sites, mining and forestry locations and so forth. Currently, 335,747 workers make their savings deposits on the basis of allotments at the units where they work, compared to 288,256 on 30 September 1981. It is important to remember that the monthly value of these allotments has currently risen to 155.5 million lei, and the average value of an allotment is 463 lei.

Similarly, especially in the most recent period of time, there has been an increase in the number of transactions not involving cash in the current personal accounts. The modern means of savings and making payments and the current personal accounts offer advantages where they can be used to ensure not only the saving of money and an annual interest, but also to make periodic or occasional payments for certain services, including payments for telephone service, radio and television subscriptions, electricity and gas bills and others, without going to the SLB's.

At the same time, especially significant are the people's options for term deposits. Thus, an analysis of the evolution of savings balances for different means of savings as of 1 September shows that there has been a continuation of stress on the trend to increase passbook savings on term interest accounts where the interest rate is five percent. Deposits in this type of savings account represent 36.5 percent of all savings held by the people in SLB's, increasing by 6.6 percent over the 1 September 1981 level.

As the people's bank, which carries out and organizes its entire activity within the framework of ever more complex relations with the citizens, the SLB also has important tasks with regards to implementing our party's and state's policies of helping citizens by providing credit so they can build their own private home or buy one from the state housing system when they are renting. Since 1970, 1,039,013 loans have been issued worth a total amount of 45.8 billion lei. As of 1 September 1982, the balance of loans totaled 27.9 billion lei, and during the period 30 September 1981 to 30 September 1982 the SLB's issued 62,458 loans worth 3.2 billion lei.

One of the basic principles of the citizens' savings money at the SLB's is their free consent. The option to save personal funds at a SLB is the exclusive wish and right of each separate citizen who alone decides to do this.

Without a doubt, this strictly individual decision is also stimulated by the rights and advantages that the SLB offers to the depositor. Several examples are illustrative in this regard. In 1981, the SLB's paid its depositors 3.6 billion lei in interest, 5,805 winners in drawings on passbook interest accounts and winners of cars in drawings that took place this year, as well as

numerous other monetary winnings, gifts and foreign trips organized by the National Office of Tourism. At the same time, the SLB's gave all its depositors a series of general rights and advantages: the state's guarantee on the amounts saved at the SLB's, with withdrawals paid at any time upon request; legal assurances of keeping secret the name of depositors, the holders of accounts, the amounts saved and any other data in connection with the transactions carried out in their name; exemption on taxes and charges on deposits, interest and earnings; and the right to empower other persons to have access to the sums saved at the SLB's, and so forth. These factors stimulate all categories of people in the country to use and put to use their personal incomes.

"Savings Week" was again organized this year between 25 and 31 October, with the last day, 31 October, coinciding with "World Savings Day." With this week becoming a tradition and this year marking its 26th edition, "Savings Week" is an opportunity to carry out certain vast actions in the cities and villages, in enterprises and institutes and at the great work sites throughout the country.

In order to continue to develop savings activities, the SLB's have tasks along the lines of improving the forms and means of saving and improving at a number of levels the service activities in its units and at its units at places of work where there are depositors, as well as extending the number of transactions without involving cash on the basis of allotments and current personal accounts. At the same time, it is necessary to strengthen activities to educate and inform the people about savings, especially young people. We must also inform current and potential depositors and intensify educational work in enterprises, institutes and all units in the sense of cultivating the spirit of saving and useful use of income, both for the citizens and for the country, that is obtained through work.

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EXPORT OF TRACTORS, AGRICULTURAL EQUIPMENT DETAILED

Bucharest REVISTA ECONOMICA in Romanian No 43, 29 Oct 82 pp 7-8

[Article by George Paunescu, director of the "Universal-Tractor" Foreign Trade Enterprise in Brasov: "An Efficient Export Activity With Competitive Products"]

[] On the foreign market, the "Universal-Tractor" Foreign Trade Enterprise in Brasov represents two large industrial groups: the Industrial Group for Agricultural Machinery (IGAM) and the Industrial Central for Tractors (ICT), which brings together these large factories that build agricultural machinery and tractors, as well as units involved in scientific research and technological engineering in this field. In order to have an exact picture of what this industry currently represents in Romania, we can state that our country is now located among the top five producers and exports of tractors in the world, with a variety of production that is truly universal, including over 75 types of tractors produced in 450 production variants.

The modern concept of industrial organization based upon specialization, standardization and modular units in production in the tractor factories in Brasov, Miercurea Ciuc, Craiova, Codlea, Timisoara, Oradea and Tirgu Secuiesc, and the efforts to modernize and update production in accordance with the highest requirements of agriculture, vegetable growing, viticulture, fruit tree growing, construction, forestry and so forth, today allows us to offer our foreign partners a very diversified range of wheeled and tracked tractors with horsepower ratings between 25 and 360 hp.

Last year marked the fulfillment of the third decade of exports for the Romanian tractor industry concomitantly with going over the 300,000 tractor mark for tractors delivered abroad by the "Universal-Tractor" company to the more than 90 countries with which we maintain trade relations.

Over this period of time, there has been a continuous increase in the competitiveness and prestige of Romanian tractors on the foreign markets, and there has been a constant increase in the level of production delivered to foreign partners, from 27 percent in 1960 and 46 percent in 1970 to 65 percent in 1980, with the figure today aiming at a level over 80 percent. Under these conditions, we can correctly say that we have an industry specialized for exports which concentrates its efforts in technical creativity and production in order to best satisfy the requirements of its foreign partners.

Among the factors that have contributed to this evolution we can note the most significant ones:

1. The re-evaluation of agricultural policy in many of the developing nations towards the better use of agricultural resources, using efficient, highly effective agricultural machinery that have reduced levels of energy consumption. This re-evaluation corresponds to the problems of great current relevancy and to our own agriculture. This has brought about a course of action for researchers in the direction of developing a variety of tractors that will meet all these characteristics: the optimum use of the tractors power, a reduced level of energy consumption and reliability.

By correlating the domestic and foreign markets, we first pursued the production of certain economical series of tractors in production. Later, through standardization and modular components we succeeded in developing from a basic chasis 40 types of tractors in 120 production variants. In other words, we produced a unified line of tractors having between 30 and 64 horsepower [hp], with a reduced level of fuel consumption and a broad range of specific uses. Multifunctionality, interchangeability with a diverse range of agricultural equipment (ensured by virtue of the fact that actuating gear and the power connectors have a great degree of adaptability and mobility with regards to the chasis), a reduced amount of weight per horsepower, a reduced level of fuel consumption, an ability to cross over fields without damaging them, comfort and the ergonomic conditions for the operator are the qualities of Romanian tractors as daily attested by numerous international institutes, as well as foreign users. Thus, we hold quality certificates issued by 19 prestigious testing and approval institutes in West Germany (Kraftfahrt Bundesamt), France (CNEEMA-Antony), the United States (Lincoln-Nebraska), Italy (Centro Prove Autovehicole), Czechoslovakia (the Prague-Repy Experimentation Base), Greece (the Institute of Agricultural Mechanization) and so forth.

As an example, I will refer further to the characteristics of the Universal-445 SV tractor, which received the sixth gold medal for Romanian tractors for the new Miercurea Ciuc Tractor Production Enterprise at the 1981 Leipzig Fair. This tractor, slated for priority use in viticulture, is equipped with a D-11b diesel motor of modern design, with reduced levels of fuel consumption, but developing a high level of power - 45 hp - due to, in part, a judiciously sized transmission that allows for the full use of the motor's power. The tractor has six forward gears and two reverse gears and hydraulic equipment that is automatically regulated depending upon the difficulty of the job, which ensures, in addition to the rational use of the motor and a reduced level of fuel consumption, the perfect execution of agricultural work by automatically directing the path of action for the equipment that is being carried and by giving uniformity to the work on the soil, at the same time further easing its maneuverability.

Currently, the variety of tractors offered by the Industrial Central for Tractors is to be improved with new types of high power models: the U-850 with 85 hp and the U-1010 with 110 hp, as well as multifunctional tractors with 16-18 gears.

At the same time, we are in the process of giving approval to a wheeled-tractor of high power, the A-5000 with 245 hp. By starting production on these new types of tractors, the offerings of the company "Universal-Tractor" fall in line with the large producers throughout the world.

In maintaining a high level of competitiveness for our products, we are giving special attention, in addition to our own research and design work, to an exchange of technical experiences achieved through industrial cooperation with Fiat (Italy), ZETOR (Czechoslovakia), J. L. Tractor (Denmark) and so forth.

2. A second aspect that we wish to stress as decisive for our commercial success and for the quality of our products is their reliability. A distinct characteristic of Romanian tractors is their long lifetime for use.

In achieving this performance level an important role is played by their robust construction design, as well as the responsibility with which we deal with the problems of service and spare parts. It is a known fact that in the international trade of machinery many times the foreign client first asks whether there is service available on the local market, and then he asks about the product itself. Aware of this fact, we sought to develop our service network in all the export markets concomitantly with building up foreign stockpiles of spare parts - in Teheran (Iran), with numerous branches in other regions of the country, at Hyberabad (India), with many branches, at Belgrade and Zagreb (Yugoslavia), at Ankara (Turkey), Sofia (Bulgaria), Melbourne (Australia), Madrid and Barcelona (Spain), Saskatoon (Canada), Tarboro (USA), Paris (France), Telton (East Germany) and Cairo (Egypt).

During the guarantee period, the producer enterprises carry out periodic reviews regarding the behavior of the machinery being used and give technical assistance through their own specialists, as well as other technical support upon request. In this manner, we have succeeded in acquiring a truly universal prestige for the "Universal-Tractor" brand name.

3. Our enterprises' delivery policy has been demonstrated to be especially responsive to the requests of foreign partners and the requirements of the market. Thus, when partners have requested the delivery of tractors by means of SKD's and CKD's, the Romanian exporter has effectively resolved the orders. As a result, factories or lines are currently operating for the assembly of Romanian tractors in Iran (Tabriz), Canada (Scherbronke and Saskatoon), the U.S. (Tarboro), Egypt (Heluan), Ghana (Accra), India (Hyderabad), Algeria and Argentina, and a new assembly line is being built in the People's Republic of China. We are also going to place our own commercial representatives in the foreign markets who will see to distribution while in direct contact with the status of the markets. In this sense, we have a positive experience in the Canadian market where "Universal-Tractor" has its own distribution company.

4. Another cornerstone of our export strategy is promotional activities. We give special attention to participating in the specialized international fairs, where, from year to year, one or another of our new types of tractors or

agricultural machinery receives some type of distinction. Thus, the Romanian Universal tractors have received gold certificates and medals at international fairs at: Zagreb, "Agra" - Markleeberg, Leipzig, Budapest and so forth. In 1973, for the quality of our products we received the "International Trophy of Quality" at Madrid, and for its activities to promote international cooperation the "Universal-Tractor" Foreign Trade Enterprise received the "Africa International Trophy" and the "Golden Mercury" (awarded in Iran).

On the level of the efficiency of economic activities and commercial operations, our efforts have resulted in a systematic improvement of indicators. Currently, we are hoping that by restructuring our offerings in favor of new and modernized products we will show an increase in the efficiency of our exports by 30-35 percent, which will allow us to increase the value of the hard currency receipts per exported tractor.

In the total volume of the exports from the "Universal-Tractor" Foreign Trade Enterprise, a percentage of the increase is held by agricultural machinery and equipment - tracked equipment, semi-carried equipment, carried equipment and self-propelled equipment. Thus, the "Semanatoarea" Agricultural Machinery Enterprise exports the well-known C-14-U universal combine, the CPl2 hillside combine and the modernized Cl2M combine to countries such as: Saudia Arabia, the PRC, Canada, Czechoslovakia, Italy, Greece, Venezuela, Jordan, Nigeria and France. the Piatra Neamt "Ceahlaut" Agricultural Machinery Enterprise exports significant amounts of sowing machines for spreading crops to the Soviet Union, East Germany, Hungary, Czechoslovakia and Cuba, and disc-equipped levelers, reeling equipment, plows and tractors to the Soviet Union, Iran, Nigeria, Turkey, Ghana, Italy, Saudia Arabia and East Germany. The Craiova Tractor and Agricultural Machinery Enterprise, which recently produced the A-1800 articulated high-power agricultural tractor with 180 hp and equal-sized tires, is cooperating with the Medgidia Mechanical Equipment Enterprise and the Bailesti Mechanical Enterprise to produce an efficient system for harvesting and transporting fodder composed of a head-gathering machine, a self-loading head transport platform and head cutting equipment, which is currently delivered to foreign partners. At the recent edition of the Bucharest International Fair, we signed important contracts for tractors, agricultural machinery and spare parts, and we will begin deliveries, in advance, right now during this year.

MARKOVSKI DISCUSSES MACEDONIAN ECONOMY

Zagreb VJESNIK in Serbo-Croatian 21 Nov 82 p 5

[Interview with Krste Markovski, chairman of the Macedonian LC [League of Communists] Central Committee, by Marinko Gruic, chairman of the Business Board of the Vjesnik SOUR [Complex Organization of Associated Labor], Pero Pletikosa, editor in chief of VJESNIK, and Djordje Jankovic, director of the IPC [expansion unknown] of the Vjesnik SOUR, in Skopje: "Joint Solutions Are the Best Way Out"; date not specified]

[Text] Krste Markovski, chairman of the Macedonian LC Central Committee, was visited a few days ago by Marinko Gruic, chairman of the Business Board of the Vjesnik SOUR, Pero Pletikosa, editor in chief of VJESNIK, and Djordje Jankovic, head of the IPC of the Vjesnik SOUR, in Skopje. In a lengthy interview Krste Markovski presented his view of the socioeconomic situation at the moment in SR [Socialist Republic] Macedonia and answered several questions about the current sociopolitical action of the Macedonian LC. We are publishing extensive excerpts from the interview.

[Question] How do you evaluate the present moment for SR Macedonia, what are the key problems in economic development, especially related to energy, what is the concept for overcoming them, and what are the League of Communists and the Central Committee doing to pursue more consistently the course of self-management in the development of our society in the spirit of the stands adopted by the congress?

A Large Leap in Development

[Answer] If one is to make an overall assessment of the present situation in Macedonia, one must examine the results achieved over a lengthy period of time, say over 10 years of development. In that period Macedonia has experienced a large leap in its development, as best illustrated by a few facts.

The socialized sector of Macedonia, for example, today employs about 462,000 workers (77,000 of them in noneconomic activities) while in 1972 the socialized sector employed only about 288,000 workers. This is sufficient evidence as to how intensive and tumultuous the socioeconomic development of the republic has been in that period.

Over the last 10 years we have also experienced significant development of what is called the large-scale infrastructure. I am thinking of construction of highways, communications and telecommunications, as well as large projects in the fuel and power industry, in which we were behind and are still lagging behind, as well as in the field of urban development, which has affected practically every town. The direction followed in the previous period has been clearly extended in the development of industry and in overall development, and that means that large capital investment projects are still under construction or are being completed: mines, smelteries and fuel and energy facilities.

However, it must be said that a sizable growth has been achieved in the manufacturing industry as well--above all in metal manufacturing and the electrical products industry (in which a large contribution has been made by Rado Komcar), and the textile industry has also been developing--facilities for processing textiles, yarn mills, etc.

Large Plantations Represent the Future for Agriculture

[Question] How has agriculture been developing?

[Answer] We have been investing quite a bit in agriculture. For a long time now we have been the leaders throughout Yugoslavia in the investments made in agriculture and water management. We are building the large "Strezevo" system near Bitola, which will irrigate about 20,000 hectares of the most fertile land in the plain of Pelagonia, and systems are being completed near Rasovis, in the Strumica depression and elsewhere--covering a total area of 180,000 hectares, most of it land in the socialized sector.

It is significant in agriculture that important results have been achieved especially in the cultivation of large vineyards and then large apple orchards and other fruit plantations, and facilities have also been built for processing grapes which can today accommodate and process about 20,000 cars of grapes. There has also been growth in the production of industrial crops such as tobacco, cotton, rice, poppies and the like.

However, we do not have a great deal of room in which to maneuver here, since we are also forced to produce wheat, which is not otherwise "our product," and our yields are probably among the poorest in Yugoslavia, since that is the nature of the pedological conditions in this region.

Investments and Overruns

[Question] The area of investment in Yugoslavia is very broad, significant and very large projects are being completed. Has there been criticism of missed deadlines and cost overruns and of the pattern of investment?

[Answer] I would first of all like to stress that in this year and the coming year we must complete all the major investment projects, which have lasted 6 to 8 years. A few days ago the Bitola I coal-fired thermal electric power plant went on line with a capacity of 210 MW, and the Bitola II with the same

capacity is to be completed by the end of the year. Also included here is completion of work to open the Savdol coal mine. The refinery near Skopje with a capacity of refining about 2.5 million tons of petroleum also went on stream a few days ago. One of the largest facilities which is soon to begin regular operation is the "Feni" ferronickel smelter near Kavadarci.

Economic investments represent 84.4 percent of total investments, housing and municipal-service construction 8.3 percent, and noneconomic investments have been reduced to 7.3 percent. However, what is being done in housing and municipal-service investment and in noneconomic investment (water supply systems, schools, outpatient clinics, cultural and athletic facilities and the like) is being done in large measure with the personal resources and optional contributions of individuals on the basis of agreements within local communities and opstinas.

As for overruns, they amount to about 13 billion for economic investment projects, 9 of which we have so far covered, while yet another 4 billion have to be found so that 14 of the largest projects can be completed.

We claim that we did not have any mistaken investment projects in the last period. It is another question whether all of that should have been built at that time and then how we will be able to put the completed projects into operation in view of the poor market conditions for certain products on the foreign market, above all the convertible market, and yet another question is the lack of working capital for those projects.

All of those large projects, except fuel and power projects, are oriented toward exports. Their contribution will be large, and similar progress is anticipated in the growth of exports of agriculture, the textile industry, non-metallic minerals, etc.

I can also say that the nominal growth of investments in SR Macedonia over the first 9 months of this year recorded an index number of 120, while the growth in Yugoslavia as a whole was 125, which means that we were 5 index points below the Yugoslav average.

Liquidity of the Economy and the Banks

[Question] Have there been problems in the republic with the liquidity of the economy and the banks?

[Answer] Precisely because of the orientation of our production, beginning with the steel mill in Skopje--which is marketing only 20 percent of its output in Macedonia, and the rest meets the needs of the entire country--and then the production of copper, nickel, textiles and other products--we have been having many difficulties with mutual settlement of obligations, so that there are problems with the liquidity of the economy and the banks. The situation is similar with farm products, for which we have had to provide about 12 billion dinars this year alone.

In agriculture, except for tobacco, we do not have any sort of rediscount credits, and we must furnish all that from our own sources. There have been talks with certain republics which are exporters of wine with a view toward their entering into firmer income-sharing relations with our organizations, in that the wine would be jointly purchased, processed and exported, which would thus relieve the situation for our grape producers. However, so far there has been no meeting of minds on this.

Since the illiquidity of the banks is very high, we are having great difficulties in furnishing the dinar resources to purchase foreign exchange from the National Bank of Yugoslavia to pay off fixed amounts of credits, payments against principal, and interest. We have thus had to set aside large resources for the needs of the steel mill which, as I have said, has been meeting the needs of the Yugoslav economy. We have also had to compensate costs resulting from price rises on the domestic market in connection with the purchase of equipment, and so on.

Effects of the Federal Fund

[Question] What have been the effects of the Federal Fund for Development of the Underdeveloped Republics and SAP [Socialist Autonomous Province] Kosovo in influencing this economic condition?

[Answer] Here are a few figures on the inflow of those resources, half of which all the republics and provinces are paying in in the form of a mandatory loan, while they are to pay the other half by entering into self-management accords, which, incidentally, is going very slowly.

On the basis of obligations dating from 1981 and 1982, up through this September, we have had a shortfall of about 650 million dinars of the fixed assessment, and 2,897.2 million dinars have not been received on the basis of self-management accords, which represents a total amount of 3,547.7 million dinars. This means that we have not been able to confidently count on a very important source of resources, representing about 18 percent of our total investments. We know that this will be paid in, but it cannot be used in the course of the year, and we will have to make up those resources from other sources, mainly from the economy.

Energy--The Key Question

[Question] Macedonia today has the largest electric power cutbacks. Have any sort of broad solutions been found here?

[Answer] The present cutback is between 40 and 50 percent of electric power consumption throughout the republic. Every other day certain portions of Skopje and Macedonia remain 6 to 9 hours in the dark. Because of the shortage of electric power, for example, at the "Jugohrom" Combine alone we have lost precisely \$20 million on the convertible market this year. If there is not enough electric power next year, "Feni" will, for example, lose perhaps 560-700 million because of reduced exports, and there are also huge dinar losses here which someone must pay.

The situation is this: Is the Yugoslav economy interested in finding an overall solution--in some way to reduce power consumption by 5 or 10 percent where possible, that is, to resolve this issue on the basis of solidarity and at the same time to reach agreement on prices and other questions. We are all coming to the same conclusion, and that is that no one can on his own find a satisfactory solution for getting out of this situation with energy, the external and internal liquidity, or to solve any of the major infrastructural problems. That this can only be a joint solution.

Another aspect of this question is the division which has occurred among the republics because of the foreign exchange system, which is for all practical purposes against those complex organizations or work organizations which extend over the areas of several republics. This entire foreign exchange system of ours goes against the formation of association; it stands directly opposed to the solutions in effect concerning formation of associations by organizations of associated labor on behalf of greater output and larger exports. It has practically brought the process of forming associations to a halt and threatens to completely shatter it.

Personal Incomes

[Question] Have investment activities and other activities been having an impact on the personal income of employed persons?

[Answer] Persons employed in the socialized sector have the lowest average personal income in Yugoslavia, even though on the basis of labor productivity and certain factors they ought not to be in last place. The average personal income up to August of this year exceeded 10,000 dinars: 9,870 in the economy and 10,768 dinars in noneconomic activities.

An agreement has been reached among the branches and groupings in our republic to the effect that the growth of personal incomes must be somewhat slower so that more resources can be set aside for development. An endeavor has been made for the growth to be distributed in accordance with the results of work, and we are still having problems with motivation of productive work and work under difficult conditions, although we have succeeded, in mining say, to guarantee that workers, underground miners, have higher personal incomes than those who work outside the mine. In spite of difficulties in certain organizations we have nevertheless begun that process.

Now that we are talking about the distribution of personal incomes, and I think that this is not just a characteristic of Macedonia, there is the question of remuneration in the social services, which is still not taking place through the direct exchange of labor within the framework of self-managing communities of interest. Teachers and instructors in Macedonia, for example, have lower personal incomes than the average in the economy. This year we have started a drive together with sociopolitical organizations and communities to find the resources so that workers employed in the social services, especially in elementary education, would receive the difference which would reimburse them at least in part for the higher cost of living. Although this is minimal, it does show to some extent society's desire to resolve those problems.

I feel that within organizations of associated labor, and indeed in society, not enough understanding has been shown as yet concerning the problems of direct exchange of labor, especially in higher education, where scientists have been more concerned with teaching, and have been neglecting the problems of linking scientific work to the economy, to what is of interest to business executives. I think that now important opportunities for establishment of firmer linkage are now being opened up here.

Regardless of the need to take the burden off the economy and the like, the practical question arises of how to overcome this large gap between the personal incomes of workers in certain portions of associated labor and the work they employed in education, health care and other social services, which in some places amounts to all of 30 percent!

The League of Communists and Stabilization

(Question) How is the League of Communists behaving in performing the tasks of the stabilization, of its own organizational life and work, and in implementing the resolutions?

(Answer) Above all in performing the tasks of the stabilization, and also in connection with other questions of political ideology, the League of Communists has to operate differently than it has done up to now. We can no longer be satisfied with having held a meeting and adopted certain resolutions, but we must immediately undertake authentic action.

As a together new situation has come about in primary organizations, since the problems are such that they must operate differently. That is why we are endeavoring to discuss the problems that exist, above all in the primary organizations and action conferences of the League of Communists, with the direct involvement and assistance of opstina committees and the Central Committee. In this connection I think that the Central Committee and opstina committees must be in the foreground in carrying out campaigns, rather than their presidiums, which up to now has been very pronounced.

As for the action effort of the League of Communists of Macedonia, a change of direction has occurred in raising and resolving specific issues. I do not mean to say that this is the case in all opstinas and in all primary organizations, but I feel that a turnaround has occurred as a whole. This year's fall planting can serve as a specific example of this. That action of ours was getting nowhere, data were not even available on the status of the planting in various opstinas. We immediately involved the committees and said that they also were responsible for this effort's taking place according to the plan, and the whole thing was set in motion.

In any case we have in the course of these 2 months visited all opstina organizations at least once through the working groups of the Central Committee. In this way we are obtaining direct and authentic information.

Reaffirmation of a Moral Image

[Question] What basic issues have been raised in the work of the Central Committee?

[Answer] Economic questions have been dominant up to now. Two of the four meetings of the Central Committee have been devoted to economic stabilization, and we have also held a conference with party members heading the largest organizations of associated labor, in which only two issues were on the agenda: production and export.

After the Third Meeting of the LCY Central Committee we drew up a specific operational program which involved not only the League of Communists, but also other organizations and entities in opstinas and the republic.

In one meeting of the Central Committee we also raised the question of law-breaking in the economy. Since a preliminary discussion had been held in the opstina committees, there were quite a few who participated in the discussion in the meeting of the Central Committee, especially from among workers who are direct producers, and they spoke frankly about the need for party members to step up their activity in combating cases of moral degradation of individuals and to reaffirm the moral image and prestige of the member of the League of Communists. Very brief resolutions were prepared on the basis of that discussion, and we will adopt them.

Creation of Jobs

[Question] Has the League of Communists also been directly involved in creation of jobs?

[Answer] One of the greatest social and development problems in SR Macedonia is creating jobs, especially for young specialists. That is why in the League of Communists, through an agreement with other sociopolitical organizations and the competent agencies, we have initiated a drive in all cities and opstinas in order to achieve productive employment for those people, mainly in direct production. The results of the drive have varied: in some places they are very good, in others so-so. In Skopje 4,500 unemployed persons were sent to organizations of associated labor, while about 8,000 persons had been anticipated. The attitude toward these people, mainly qualified specialists, depended on the development conception of the organizations which hired them, on their organization, their productivity and the like.

Another interesting datum which very much surprised us is that several of the young people sent to organizations of associated labor did not report there, which means that among them there are some who are already employed or who are choosing the organizations with better income, and there are also those who are looking for work, but are praying that they will not find it. Those young people cease to be social welfare cases from our standpoint.

Limited and Exclusive Reporting

[Question] What is the role of the media and how well is the Yugoslav public informed about events in the republics?

[Answer] In the Central Committee of the League of Communists of Macedonia we have conducted a frank and constructive discussion of the questions of information and the media with party members holding responsible positions in newspaper publishing houses and radio and television, and we realized that what our public needs now is to have more rapid and better-quality information about events in society.

As for how well the Yugoslav public is informed about conditions in the republics, I feel that this is not sufficient and above all does not reflect our needs and capabilities. We are very limited and exclusive. When I say this, I am not referring to the publication of speeches and addresses by the leaders, but rather I think that the situation is such that we do not know each other well enough. And an objective press could be a good form of broader mutual familiarity. More cooperation among editors could raise the information which the republics have about one another to a higher level. For example, couldn't a daily newspaper in Croatia devote a page or two once a month to the situation in Macedonia, or a paper in Macedonia a page or two to the situation in Croatia, Serbia, Vojvodina and the other republics and provinces? There would certainly be an interest in this, and it would not preclude day-to-day information about current events.

[Boxed Excerpts From Markovski's Interview]

Rural-Urban Relationship

There are many constructive examples which are worth imitating and which show that this is another of the important ways of solving the problems of the so-called uncontrolled migration from rural areas to the city. I would mention only the factory in the village Pirok near Tetovo, which employed 250 young Albanian girls who previous to that did not want to apply for jobs in Tetovo. And then several factories near Bitola which came about through the pooling of resources of people returning from America or Australia, and there are similar factories in the vicinity of Kumanovo, Vinica and other towns. They are developing with the help of sizable organizations of associated labor, and this is a good thing both with respect to investment and also with respect to the training of specialists. Thus "Inteks" of Skopje, together with "Toper" of Celje, is very generously aiding development of a textile factory in the village Skudrinje. But so far these are only rare examples of the concern of the large organizations about these organizations of associated labor.

Free Energy

In order to save energy, imported residual fuel oil above all, our greenhouses producing vegetables, flowers and other things throughout the year have now shifted to using hot underground springs. Since Macedonia is by and large an earthquake area, we have the good fortune along with that misfortune of having

hot springs at practically every step. Recently one such system was completed near Kocani; its hot water is being used to heat greenhouses. By the end of this year or beginning of next year the first phase of a similar system will be completed near Djevdjelija (where we have greenhouses covering about 150 hectares and where very effective collaboration has been realized with Bjelovar in the production of flowers for export), and the potential for optimum use of hot water is also being studied in the vicinity of Skopje, Stip, Kumanovo and Strumica. In this way we will completely eliminate the use of residual fuel oil in heating greenhouses producing sizable amounts of early vegetables.

Schools

The example of "Hemteks" is very instructive with respect to retraining personnel. They are happier to have workers who have finished high school (where there is more study of chemistry, physics, mathematics and other things) than workers who have graduated from a specialized chemical school!

Supply

Our cities have set themselves off completely. That is why supply is so unorganized and expensive. Twenty years ago we had fewer opportunities for the production and storage of certain foodstuffs, but still the cities were proportionately better supplied than today. But then there existed direct cooperation and direct agreements among the cities. Now this is the concern of trade organizations or private producers who haul their products by truck all the way to Ljubljana, Zagreb, Osijek, and so on. With these measures restricting the consumption of petroleum and gasoline we have put an end to this private supply chain. This question cannot be resolved for us by any commercial organization regardless of how capable it might be. This can be solved only by the cities and opstinas of Yugoslavia through their mutual cooperation and agreement.

Small, But Large

Here near Skopje, in the village Zelenikovo, there is a small cooperative. Among other things it produces pears, peaches, apricots, sour cherries and the like. It is small, but with respect to income and business operation it is probably one of the best. For a long time it has been collaborating with the "Zagreb" Agricultural Combine and has been supplying a variety of fruit to that city. It is now marketing its products--through cooperation with that combine, even in Dubrovnik.

During a visit, while I was talking to the director of the cooperative, I mentioned that there was no margarine anywhere in Skopje. He told me that in the stores of his cooperative (which incidentally supplies a variety of goods to 14 villages) there is always margarine, just as there is vegetable oil, sugar, flour, and dried, cured and smoked meat products. How come? It simply does not pay for their trucks which haul fruit to Zagreb and Dubrovnik to come back empty.

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